FINANCIALTI **EUROPE'S BUSINESS NEWSPAPER**

The debt warning lights flash again, Page 10

No. 29,711

Tuesday August 27 1985

D 8523 B

nembers appeared to have rejected last week's fresh pay offer by mining companies and would opt for strike action, due to begin on Sun-

day. The NUM is expected to give its formal response to the compa-

Last Thursday, the companies represented by the Chamber of Mines dropped their united front and offered what amounted to bilat-

eral deals with the union, led by

Angle American whose new terms

came significantly closer to the

union's demand for a 22 per cent in-

crease. But another leading mining house, Gencor, refused to shift from

the 14.1 - 19.6 per cent wage in-

creases which all the mining com-

panies implemented in July.

Union officials described the de-

velopment as an attempt to divide

the union, which is strongest on

Anglo American mines. The compa-

recent government moves to re-store confidence in the South Afri-

can economy and heighten inves-

tors' unease which even before the

political turmoil of the past few

weeks has led to a substantial net

outflow of capital. The 1985 annual

Continued on Page 12

Welkom. Nobody was injured.

nies tomorrow morning.

World news

Business summary

New Delhi Warner launches sells TV Sri Lanka interests peace bid package

India is launching a new initiative WARNER Communications, the to try and revive the Sri Lanks U.S. entertainment group, has peace talks in a last effort to prevent the island from sliding into widespread civil conflict.

Yeadway of the property of the MTV music video company, to the MTV music video company and the M

widespread civil conflict.

Leaders of the main Tamil guerrilla groups have been summoned U.S. cable operator.

The deal will give Warner \$500m senior Indian officials in a bid to restart the talks which collapsed last week in Thimpu, the capital of buy 22m shares in Viacom. Page 12

the Himalayan kingdom of Bhutan. Security forces claimed to have killed 10 Tamil rebels in a jungle battle in eastern Sri Lanka, while in the north rebels held up a train.

Uganda peace talks

Peace talks to try to end more than 20 years of bloodshed in Uganda began in Nairobi, the Kenyan capital, between the new Ugandan military rulers and anti-government rebels.

Bhutto visitors Thousands of mourners have visit-

ed Benazir Bhutto, leader of Paki-stan's banned People's Party, since interest rates have risen. The Italstan's banned People's Party, since she returned home with her brothian lira was again the strongest er's body. Page 2

Currency change

Israel's already hard pressed consumers and businessmen face a new ordeal next week with the introduction of the New Shekel.

Sikhs kill Hindus

1 1 th

140

Security was tightened in Punjab after Sikh gunnen killed two Hin-dus in a fresh outbreak of extremist violence, while authorities started the run up to next month's crucial state elections. Page 2

Wine law protest About 4,000 Austrian farmers will

drive tractors to Chancellor Fred Sinowatz's office today to protest at a stricter wine production law introchemical additives.

Sakharov appeal

The son-in-law of internally exiled Soviet dissident Andrei Sakharov asked a United Nations human rights body to press the Moscow authorities to release Sakharov and

Policeman shot

A French policeman was killed in a GOLD: In New York the Comex Ocshootout with men who broke into a safety deposit storehouse in Saint Laurent du Var near Nice.

Nepal frees

Nepal announced the release of 1,649 people detained for questioning about bomb blasts in June Page 12 which killed seven people.

Nato exercise

Nato launches its biggest ever na-val exercise this week to test its ability to protect vital sea supply lanes from North America to

Fighter decision

Spanish Defence Minister Narcis Serra is expected to recommend joining the European fighter aircraft project at a cabinet meeting tomorrow. Page 2

Socialist disunity

French Socialist Party's executive committee failed to agree on a joint motion to be put before the party congress in October as the basis for an election manifesto.

Chinese rights

China is planning to grant residence rights to foreigners who invest in China.

Balloon crashes A balloon in which three Dutch pilots were trying to fly the Atlantic crashed in mid-ocean. Two of the crashed in mid-ocean that they are to join forces in a new company aimed at increasing the French share in the increasing the in

Viacom International, a leading

TOKYO biotechnology issues were led lower by Asahi Chemical. The Nikkel-Dow market average shed 38.32 to 12,651.77. Page 28 WALL STREET: At 2pm the Dow

Jones industrial average was 0.22 lower at 1,318,10. Page 28 EUROPEAN Monetary System: Most currencies showed little change on the week as the dollar re covered from Thursday's one year low to finish the week virtually un-changed. The Belgian franc re-mained the weakest member but showed a much steadier trend. In

The chart shows the two constraints

on European Monetary System ex-change rates. The upper grid, based

on the weakest currency in the sus-

tem, defines the cross rates from

which no currency (except the lira) may move more than 24 per cent. The lower chart gives each curren-

AEG, West German electricals con-

cern, resumed virtually full owner-

ship of Olympia, its office equip-

HENKEL, the family-owned West

German chemicals concern which

invented Persil washing powder,

plans a public share issue in Octo-

ber – the first in its 109 year

PANTRY PRIDE, the Florida-base

supermarket group, intends to sell substantially all of the assets of

Revion, except for the company's

beauty group; if it succeeds in its

\$1.9bn bid for the group. Page 13

SINCLAIR RESEARCH, the UK

computer company, reached agree-ment with its bankers and main

trade creditors in a move to resolve

SUPERFOS, the Danish chemicals

group, said that 1985 earnings will fall by about DKr 100m to DKr 175m (\$17.5m), as a result of a weak

market for fertilisers produced by Royster, the U.S. fertiliser group acquired by Superfos last year.

BOUYGUES, France's largest construction group, and M Bernard Taple, the French businessman.

confirmed that they are to join forc-

ternational consumer battery

its financial crisis. Page 4

history, Page 15

recent weeks it has attracted some **EMS** AUG. 23,1985

Brazilian Finance Minister, central bank chief resign

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE five-month-old Government of Brazilian President Jose Sarney Yugoslavia's main creditor banks was plunged into disarray yester-day following the shock resigna-tions of Sr Francisco Dornelles, the Finance Minister, and Sr Antonio Carlos Lemgruber, governor of the

The departure of the two key Brazilian officials dealing with the country's \$103bn external debt and International Monetary Fund (IMF) negotiations is likely to mark an other setback on a road already strewn with obstacles. But it should, at least, lead to greater internal harmony within a government deeply divided from the circles centred on the names of Sr outset over economic policy.

happy for some time over the lack of economy austerity being pursued by the new civilian Government and his own corresponding loss of

by Sr Lemgruber, in solidarity with economic policy.

were preparing yesterday to en-dorse a new formal offer to reschedule \$3.5bm in debt, falling due hetween now and the end of 1988, following a compromise beto be charged to Yugoslavia for its rescheduling which was agreed in principle in London earlier this month. Page 2.

A successor to Sr Dornelles was expected to be announced last night. Speculation in government Karlos Rischbieter, a former Fi-President Jose Sarney promptly accepted the resignation offered days ago as head of the Brazilian yesterday morning by Sr Dornelles — nominally the head of his economic team — who had been visibly untraction of the BNDES, the state development

Sr Dornelles's resignation follows the abrupt disissal last Friday by President Sarney of Sr Sebastico Marcos Vital, the Finance Ministry There was no immediate confir-mation, however, as to whether the sonal aide of the minister. That dispresident would also accept the missal, in turn, resulted from Sr Vi-mass resignation proffered by the board of the central bank, headed vailing direction of Government The dissent within the Govern-

monetarist views of the Finance Ministry and central bank against the more socially orientated Plan-ning Ministry – has been brewing for months. In this struggle for the President's ear, the conservatives' influence has been waning steadily. Whoever takes over as Finance Minister will in future have to be march due to take place in Cape compatible with the Planning Min- Town tomorrow, and the funerals

"At least you know which inclina-tion you need because Joao Sayad The arrest of Mr Trevor Tutu fol-(the Planning Minister) has definitely won." The disputes, usually in public, have raged over everything from the emergency programme of eco-nomic assistance to Brazil's poor announced soon after the Govern-

ment took office - a move supported by the Planning Ministry but opposed by Finance - to the need for new money" loans from foreign bank creditors, a proposal advocated by Sr Savad. While Sr Dornelles and Sr Lem-

gruber were anxious to tie up the Continued on Page 12

Debt warning lights flash again,

Rainbow bomb report

Bernard Tricot, a former Secretaryvices, the DGSE.

cy's divergence from its "central rate" against the European Curren-cy Unit (ECU), itself a basket of Eu-

BY WILLIAM HALL IN NEW YORK

Petroleum, into a limited partner- months.

THE FRENCH Government and intelligence services were yesterday cleared of responsibility for the blowing up in New Zealand of the Greenpeace vessel, the Rainbow Warrior, in an official report commissioned by President François Mittermend Cose to the Rainbow Warrior short ly before it was sunk by magnet men as Chief Petty Officer Roland wines. They are all members of the DGSE marine school in Corsica Petty Officer Bartole. The French Communist Party condemned the report as a "white-being sought by the New Zealand manner of the light provides training for communist Party condemned the ly before it was sunk by magnet men as Chief Petty Officer Roland verge, Petty Offic

warrant General at the Elysee under Gen- been in hiding in France, gave we will be moving ahead very eral de Gaulle, confirmed that the themselves up yesterday to the quickly."

French couple currently under ar-

Pickens in Mesa asset move

MR T. Boone Pickens, the Texas oil his target companies a profit wind- of Mesa Petroleum's oil and gas man and corporate raider, is reor- fall. Mesa's own share price has properties would be transferred to a

er rights, said yesterday that "the

cient form. Mesa and Boone are gomore direct economic interest in der the umbrella of Mesa Petroing to ride off into the sunset on the MLP horse."

MALP horse."

Mesa shareholders will receive one publicly traded unit representing an interest in the partnership is that it avoids the partnership will make quarterly cash distributions of substantially all of interest in the partnership will make quarterly all of interest in the partnership will make quarterly cash distributions of substantially all of its available cash flow to make the first of two distributions.

MLP horse."

Sireet's corporate raiders, such as Mr Carl Icahn, Mr Irwin Jacobs and Mr Ivan Boesky, conducted their business through privately-held companies.

Under the plan, Mesa intends to make the first of two distributions.

acquire new reserves on behalf of

highly successful in forcing several tion activity when industry condicompanies to restructure themselves, and given shareholders in Under the plan, substantially all

Net proceeds would be used to buy newly issued units of Mesa

From President Mitterrand's rest in New Zealand on charges re-lating to the sinking of the ship and the death of a Portuguese photogra-french citizens cannot be extradit-point of view, the report is an im-mense relief in that it removes the need for taking punitive action need for taking punitive action against either M Charles Hernu, M Tricot said in his report that al- the Minister of Defence, or against though the evidence that they had the foreign intelligence services. M

new limited partnership, Mesa Lim-

ited Partnership, and the new enti-

ty would assume certain indebted-

ness and obligations of Mesa Petro-

leum. On Wall Street, Mesa shares

jumped by \$1% to \$16% in early

partner of the partnership, but Wall Street analysis speculated that he would probably devote an increas-

ing amount of time to mastermind-

ber after which both Mesa units

and shares will trade indepen-dently. Mesa says that its 14 fm

Unocal shares, which it acquired during its abortive takeover bid for the big West Coast oil company ear-

lier this year, and certain other fi-

nancial assets would be retained by

the company and sold over a period

of not less than a year.

trading yesterday.

Mr Pickens will be the ge

Black miners' strike looms in S. Africa

BY MICHAEL HOLMAN AND JIM JONES IN JOHANNESBURG

SOUTH AFRICA appeared to be said yesterday that a majority of its heading yesterday for a major strike by black miners on the country's gold and coal mines, while po-litical tension rose further with the arrest of the eldest son of Bishop over the weekend.

The combination of a strike threat, the arrests, an illegal protest ister and Luis Paulo Rosenberg (the President's chief economic aide), cal violence present the Governone banker commented yesterday; ment with its most testing period to which a presidential aide added: since the state of emergency was since the state of emergency was

lowed an incident in a Soweto magistrates court where hundreds of young black schoolchildren faced charges of illegally boycotting their classes. In the course of proceed-ings, Mr Tutu is said to have de-scribed the prosecution of the stu-dents as "a shame" and "a joke." He was escorted out by a police-

man with whom a further exchange took place. Mr Tutu was then arrested and subsequently detained for 14 days under the country's emergency regulations, his lawyer said last night.

Officials of the National Union of Mineworkers (NUM), which represents 150,000 of the country's 550,000 black gold and coal miners,

More spy suspects as scandal widens in Bonn

By Peter Bruce in Bonn

WEST GERMAN intelligence authorities were reported yesterday to have opened about a dozen more espionage investigations against government officials in Bonn. The report comes in the wake of the de-fection to East Germany last week of Herr Hans Joachim Tiedge, the country's most important spy hun-ter, and the arrest on Sunday of Frau Margarete Hoeke, a senior secretary in the Office of the Federal President.

The national newspaper, Bild, which has been consistently accurate in its reporting in the past three weeks of what is clearly Bonn's most serious intelligence setback since the second world war, said in a release of an article due to appear today that most of the new investigations involved female sec retaries, including one in the office of Chancellor Helmut Kohl.

News of the report coincided yes ny reported yesterday that police terday with an unexpectedly ferowere investigating an explosion on its Western Holdings mine near cious attack on the Government for its handling of the country's se-curity services - by the opposition The threatened strike could undo Social Democrats. The SPD has called for the resignation of Herr Friederich Zimmermann, the Interior Minister.

Herr Kohl was briefed by Herr Zimmermann for the first time yesterday on the possible effects of the spy scandal, but government spokesmen said he planned to take no action against individuals until re-ceiving a second report later this

The Government said yesterday it was still trying to get in touch with Herr Tiedge, the senior counter-intelligence executive in an effort to discover whether he had fled to East Berlin in a fit of worry over mounting debt problems at home or whether he had been a

long-term Communist agent.
The Government's chief spokes THE EUROPEAN Options Ex- also hope to make their £12,500 options interchangeable in the man, Herr Friedhelm Ost, refused to comment on the success of these The EOE's other new contract, efforts, saying only: "We remain in contact with East Germany." These contacts are probably being made

Officials in Bonn are clinging to increasingly faint hopes that Herr Tiedge had only recently decided to defect. He has debts in Bonn of more than DM 100,000 (\$36,400) and a serious drinking problem which was first put down to the death of his wife, Ute, in 1982. Police in Cologne, nevertheless, said yesterday they had reopened their dossier on her death in case she had died in suspicious circumstances.

Continued on Page 12

clears French agents BY DAVID HOUSEGO IN PARIS THE FRENCH Government and in- close to the Rainbow Warrior short- innocence." The report named the

But the report, prepared by M

tober settlement was \$338.5 (\$338.4).

pher on board are members of the ed French foreign intelligence ser-

It revealed, for the first time, the identity of the three crew members of the Ouvea, the yacht berthed the crew members of the Ouvea, the yacht berthed the crew members at ions "weighed in favour of their considerations" weighed in favour of their continued on Page 12

ganising his master company, Mesa been in the doldrums for several

ship in a move which Wall Street
analysts believe marks the end of of Mesa Petroleum and a selfMesa's role as an active corporate

Mesa's role as an active corporate

Mesa's role as an active corporate

Mr Alan Edgar, an oil analyst current operating environment for

with Dallas brokers Schneider, Beroil and gas companies demands net & Hickman, said: "This is the new and imnovative measures to grand finale. This allows Boone

Pickens to go on to do things priHe noted that the transfer of assets
vately and places Mesa shareholdto the limited partnership will pro-

all of its available cash flow to unitholders.

The Amarillo-based Mesa Petro-leum, which ranks 46th in size in the U.S. oil and gas industry, is best known as the vehicle used by Mr

Mr Pickens also noted that the

Pickens to mount daring corporate raids on giants of the U.S. oil industry such as Gulf Corporation, Philips Petroleum and Unocal.

Mr. Pickens also noted that the limited partnership structure "provides substantial flexibility to acquire new reserves on behalf of

Although Mr Pickens has been the partners or to increase exploration activity when industry conditions improve.

Steve Sawyer, the international di-All three, who have apparently rector, said that "If it is a whitewash

competition between exchange cascheduled for introduction in Octo-ber or November, will be the first tering to the rapidly growing opfrom any exchange to respond to through Herr Wolfgang Vogel, an demand from market participants. East German lawyer, who has as-Pending approval by the Dutch Ministry of Finance, the EOE aims for cross-rate options - beween two sisted in some well-publicised "spycurrencies other than the dollar. It | swaps" between the two Germanys. £100,000 sterling/dollar option that will be between sterling and the will be totally interchangeable with an identical contract already traded guilder. on the Montreal Exchange Currency options have burst into

European Exchange

plans new options

It is almost certain to be the first the financial markets over the past currency option that is "fungible" - three years, offering banks and meaning that an option bought on companies far more flexibility than one exchange may be sold the same was previously available to manage day on the other, and marking a their exposure to exchange rate step towards 24-hour, round-the-finetuations. An option provides the world trading. The London Stock buyer with the right, but not the ob-Exchange and the Philadelphia ligation, to trade a specific amount Stock Exchange, which lead the of currency at a fixed price at any Continued on Page 12 | world in traded currency options, time before expiry.

BY ALEXANDER NICOLL IN LONDON

change, based in Amsterdam, plans

two innovative currency contracts that will heighten the intense

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ated so far on the USM. Almost every week you can read about yet another businessman becoming a millionaire by launching his company on The Unlisted Securities Market. It all seems so easy but it isn't! And you need to start planning several years ahead. What regulations do you have to

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who understands your position and talks

your language. Someone, in fact, like us.

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balloonists were reported to be safe floating in the gondola. _ CONTENTS

Companies 13, 15

Enro-options 24
Financial Futures 24
Int. Capital Markets 13-15 Letters..... 11

UK spending: Treasury sets Commodities: computers and

rules for survey 4 cartels; scandals 11 Management: how Japan Lombard: the real fear in the supports small business ... 6 way of the EMS 11 Editorial comment: British Lex: when trust is not International debt: warning Technology: cleaning up the

lights flash again 10 shampoo business 17

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DEFENCE OFFICIALS FAVOUR PROJECT

Spanish likely to join Euro-fighter

Spanish Defence Minister, is expected to recommend joining the European Fighter Aircraft project at a Cabinet meeting

A decision by Spain to take part with Britain, West Germany and Italy even if France stays outside the venture, has been widely anticipated. How-ever, while Spanish defence officials appear to lean strongly towards participating on both military and industrial grounds, the issue hangs on a political

The Spanish Government, which along with France with-held its signature from the other countries' agreement on the project in Turin four weeks

Rocard refuses to sign party unity motion

THE FRENCH Socialist Party gave a damaging display of their divisions over the weekend, when the party's executive committee failed to agree on a joint motion to be put before the party Congress in October as the basis for an election

M Michel Rocard, one of the most popular of the Socialist leaders and a self-declared candidate for the presidency, declined to put his name to a text intended to demonstrate

the unity of the party.

M Rocard had two main objections. He believes that if the party is to recover ground electorally, it must be seen to have forsaken its Marxist links and to have more explicitly embraced social democrat-style

emoraced social democrat-style policies.

He also believes that the party should make clear to its followers what strategy the Socialists will adopt if the Right is victorious in March.

He accuses the Socialist leadership of ambiguously fishing between joining a coalition that would support coalition that would support the President, M François Mitterrand, and moving into

Rocard left open the possibility of presenting a separate list of candidates for the legislative elections March, if concessions to his at the party congress.

Poland gets fresh loans from Austria

AUSTRIA HAS signed an agree ment rescheduling Poland's debts and promising it new loans, according to the official Polish news agency PAF Reuter reports from Warsaw. It is the first Western country to do so since martial law was imposed in Poland in December

tain whether the West will lend Poland the \$800m (£570m) it wants this year. Last week's accord signed in Vienna rescheduled payments of

debts due from 1982 to 1984 and pledged \$40m in state-guaranteed credits to fund Polish imports from Austria. Poland's total foreign debt of about \$27bn is the legacy of heavy borrowing in the 1970s.

Arrears built up on it after Western governments broke contacts in protest at martial The Paris Club of non-Communist creditor nations signed an agreement last month

rescheduling \$12bn, This paved the way for bilateral talks on repayment terms and new loans.
Western diplomats expect other countries to decide whether to emulate Austria after the end of August when Poland is due to repay \$400m of debt owed from 1981. Talks are under way with various governments.

West Germany, Poland's largest Western trading partner, has indicated that it may extend credits of about DM 100m (£25.5m), diplomats say. But this is much less than Poland

the ago, has already stretched the France it would take a 13 per craft adapted to air combat at is expected. It is expected to a combat at substance or control of the political factors are, on original five-nation proposal.

The political factors are, on original five-nation proposal.

Machanies Hernu, the French the one hand. Spain's desire to

be associated with its future EEC partners in a large induson the other, its recent entente with France, sealed during a visit to Paris in July by King Juan Carlos. Contacts between all the

countries involved are understood to have been maintained at the highest level. Mrs Margaret Thatcher is believed to have sent a message to Sr Felipe Conzalez, the Spanish Prime Minister, urging Spanish par-If Spain joined without as requiring a multi-role air- ing in its defence policy.

aircraft to be developed, Spain stands between the concept agreed in Turin—a large, high-powered fighter designed principally for air superiority—and the French idea of a smaller cheaper fighter mainly for

ground attack. While prepared to go along with the Anglo-German-Italian version, Spanish defence offi-cials might have preferred an aircraft of reduced specifications for their own defence needs. Spain, mainly concerned with its southern fla

Defence Minister, is believed to have raised the prospect of Spanish participation in a separate French project, during a meeting with Sr Serra in

Majorca earlier this month. The third choice for Spain would be to buy more aircraft from the U.S. following its 1983 contract for F/A-18 Hor-

This course, like the others would bring offsets for the Spanish state-owned airframe company Casa, but would mean forgoing the European accent which the Government is seek-

Greek opposition faces split

BY ANDRIANA IERODIACONOU IN ATHENS.

servative opposition leader, was rallying his forces yesterday to face a vote of confidence on Thursday, amid speculation of a minority split in the commander of Conservative Party ranks.

Mr Mitsotakis resigned as president of the New Democracy (ND) party last Saturday, he would would be served to be considering running.

The ND leader's resignation running.

Mr Stephanopoulos announced to be considering running.

Mr Stephanopoulos announced to be considering running.

Mr Mitsotakis needs a majority of 61 of ND's 121 deputies to carry Thursday's vote. His resignation caught party officials by surprise, but a leadership crisis has been the Conservatives suffered their

president of the New Democracy (ND) party last Saturday, announcing that he would resubmit his candidacy in a vote for a leader by the 121-strong conservative parliamentary group on Thursday.

Mr Mitsotakis resigned after an open challenge by Mr Costis Stephanopoulos, ND parliamentary spokesman, to his decision to hold a party whether Mr Mitsotakis will face conference in the autumn. The

MR CONSTANTINE Mitsotakis, two men were rivals for the Some ND figures, such as Mr The beleaguered Greek Con- party leadership in September Ioannis Varvitsiotis, the party's servative opposition leader, was 1984 when Mr Mitsotakis won general secretary, were

the Conservatives suffered their second humiliating election defeat in a row at the hands of the Socialists.

Dutch to trim budget deficit

budget gap falling fractionally below 8 per cent of net national

income (NNI).

However, Mr Ruud Lubbers, the Prime Minister, sought to emphasise that the purchasing power of all income groups except for the lowest would NNI by 1986, be climb next year because of are surprised. smaller social-security premiums and falling inflation.

THE DUTCH Cabinet has the 1988 fiscal blueprint were agreed to trim the government fashioned late last week and before the May 1986 elections-budget deficit only slightly next Mr H. Onno Ruding, the that their "painful" sacrifice budget deficit only slightly next Mr H. Onno Ruding, the that their "painful" sacrifices year, when general elections Finance Minister, now will add of the past were worth while will be held, with the 1986 the finishing touches for pre- and that brighter days are ahead. sentation to parliament on September 17.

Government apparently will fail full of the latest consumer to reach the goal stated in its goods and streets crowded with 1982 accord of shrinking the budget deficit to 71 per cent of NNI by 1986, but few observers Mr Lubbers and other minis-Mr Lubbers is at special absorbed about as much

ters argue that the Dutch have pains to cast a good light on austerity as they can handle, the proposed budget, since the Incomes in both the prviate Cabinet decided not to lower and public setcors have stagincome taxes, as might have nated under the deep retrench-Cabinet decided not to lower income taxes, as might have nated under the deep remember been expected in an election ment policies of the governing Christian Democrat-Liberal

convince voters-While official consumer spending has grown only ruling Centre-Right sluggishly, shops remain chock

> tions are still common. The lavish Dutch social security system is believed to account for the apparent dis-crepancy but further big benefit cuts are felt to be politically

new cars while foreign vaca-

Thus, civil-servant wages and social-security benefits will be frozen at current levels while unemployment compensation actually will be somewhat unemployment

New Shekel will simplify life for Israeli consumers

BY WALTER ELLIS IN TEL AVIV

ISRAEL'S ALREADY hard Mr Yitzhak Moda'i, the pressed consumers and busi- Israeli Finance Minister, and nessmen face a new ordeal next Dr Moshe Mandelbaum, goverweek with the introduction of nor of the central bank, have the New Shekel into what long been aware of the need to restore faith in the Shekel. remains of the cash society.

From September 4, one New Shekel will equal 1,000 old shekels, thus removing three noughts from daily calculation and, incidentally, bringing immediate relief to Israel's petrol

mediate relief to Israel's petrol pump operators.

The inflation rate — now running at around 400 per cent a year — has meant that petrol station attendants have had to station attendants have had to paste squares of cardboard to the right of their digital read-outs bearing the extra zeroes essential to their survival in the

Banks will also heave sighs and coins (including the forof relief, for not only will the gotten agora) will be introduced Israeli currency once again from next Wednesday, but appear to be kept within reasonable bounds, but there will pressed in old money until be space enough on a cheque to complete the written details remain as legal tender until of a payment.

In a country where even the

(225.5m), diplomats say. But this is much less than Poland has requested.

Billions of dollars of debt due to be paid in 1985 need rescheduling and the Paris Club will tackle this in September, according to the officials.

In a country where even the poor are millionaires, the suggestion that a single old shekel the former Israeli pound, appeared on the scene only five pears ago with much fanfare. Mr Moda'i will be hoping that his redenominated currency will do better the second time diture seems positively absurd. In a country where even the

Ugandan leaders meet with main guerrilla group By Our Foreign Staff UGANDA'S military rulers and

the leading guerrilla group, the National Resistance Army, met in Nairobi yesterday for peace talks following the sacking on Sunday of the country's Prime Minister, Mr Paolo Muwanga.
Diplomats said the prospects for success in the talks, which

The fact that the dollar (worth some 1,500 old shekels) has brought together a government delegation headed by Mr Wilson Toko, Defence Minister and vice-charman of Uganda's rulbecome a de facto alternative currency, much valued and actively traded on a flourishing ing military council, and Mr Yoweri Museveni, the leader of the NRA, had been improved by the replacement of Mr

Muwanga.
The NRA is known to have opposed the appointment of Mr Muwanga, who has served in every administration since in-dependence and was the deputy of ousted President Milton

As Defence Minister under Dr Obote he is regarded as sharing responsibility for atro-cities committed by the Uganda Army against civilians during Dr Obote's rule. Former Finance Minister Mr Abraham Waligo was sworn in yesterday as the new Prime

The NRA, which does not recognise the military administration of Lt-Col Tito Okello which took power in a July 27 coup, has recently extended its hold over western Uganda

Mr Mitsotakis resigned after sidering the odds in favour of an open challenge by Mr Costis forming a splinter party, taking Socialists in 1981. Mr Mitsotakis was elected the party's mentary spokesman, to his decision to hold a party whether Mr Mitsotakis will face conference in the autumn. The any other rivals on Thursday.

Australia 'does not need help from IMF'

By Michael Thompson-Noel In

Mr Paul Keating, the Australian Treasurer (finance minister), yesterday dismissed a suggestion that Australia might have to turn to the International Monetary Fund for help because of ballooning external debt. Yet he conceded that Ausstralia might "end up in trouble" if it failed to re-

Mr Keating was respon to remarks by Prof Fred Gruen, head of the Centre for Economic Policy Research at the Australian National University, Camberra, and prominent adviser to the Hawke and Whitlam Labor govero-

and Whitlam Labor govero-ments.

Prof Gruen had expressed concern at budget figures published last week showing that Australia's net external debt—public and private debt less official reserves and Aus-tralian lending abroad—grew from A\$7.3hu at June, 1980, to A\$52hn (£25hn) at June, 1985.

As a result Australia's ex-ternal debt servicing obliga-tions as a proportion of ex-ports source from 8.3 per cent in 1979-80 to 33.6 per cent in 1984-85. ... Prof Gruen said that given the marked deterioration in

Australia's terms of trade and the poor prospects for world trade, "prudence demands that we reduce money wage

growth.
Otherwise the longer term danger of continuing devalua-tion—and perhaps ultimately some IMF supervision of our affairs—is by no means un-thinkable."

The Government and the trades unions are on a possible collision course over whether the inflationary effects of this year's depreciation of the local dollar should be excluded from the next national wage increase, under the terms of the current pay ord. There will be a wages

hearing next month.

The Government admitted last week: "Only in the longer term, as depreciation increases net exports of goods and services, will the current account deficit narrow, net capital inflows decline, and the build-up of external debt moderate."

Wellington hints at N-ship move New Zealand hinted yester-day that it would make new roposals to the U.S. to break six-month deadlock over Wellington's ban on nuclear-capable warships, Reuter re-

ports.
This is the second time in less than a week that Mr David Lange, New Zealand might be found to repair re-lations between the ANZUS defence pact allies.

Greenpeace pledge A former Danish Foreign Minister, Mr Kjeld Olesen, plans to join a Greenpeace ship in the Pacific next month when it sails into French-controlled waters to protest against France's nuclear test programme, he said yesterday. Hilary Barnes reports from Copenhagen.

Chinese residence China is planning to grant residence rights to foreigners who invest in China, the New China News Agency reported yesterday, Reuter

reports from Peking. The official agency said a law on the entry, exit and residence of foreigners in China was submitted to the standing committee of the National People's Congress vesterday. vesterday.

Danish trade deficit Denmark has reported a pre-liminary trade deficit for July of DKr 1.4bm (£100m) com-pared with DKr 642m last year, taking the deficit for the year so far to DKr 7.5bm compared with DKr 6.3hn last year, Hilary Barnes reports from Copenhagen. The first

Banks set to back revised Yugoslavian rescheduling

compromise between bank cre-ditors on the price to be scheduling charged to Yugoslavia for its re-

vitalise its trading performplete on schedule payment of a Special Drawing Rights 80m day on its SDR 300m loan facil-

ity for Yugoslavia. But as a measure of the controversy surrounding Yugo-slavia's protracted debt re-negotiation, the new offer con-

negonization, the new oner con-tained the concession the banks had previously refused—the downward revision of pricing a \$263m premature repayment charged on rescheduling already of part of a \$600m credit

YUGOSLAVIA's main creditor agreed for 1983 and 1984. This became necessary after

It was due to be confirmed has therefore, had to come up the new proposal. last night in time for the inter- with another scheme "which Persuading all national Monetary Fund to com- will give Yugoslavia similar economic benefits."

This involves an interest margin of 11 per cent but creditor banks will now have creditor banks will now have to give the higher charge back to Yugoslavia in the form of an equivalent lowering of interest on the 1983-84 reschedulines.

granted earlier by creditor-

ing to endorse a new formal a number of creditors balked offer to reschedule \$3.5bn at an original proposal to that Yugoslavia's debt renegotives now and the end of 1988.

This became necessary after Senior bankers said yesterday that Yugoslavia's debt renegotives now and the end of 1988.

The period of the most contentious of the most contentious that the period of the most contentious of the most contentions of the most content of the most The new offer represents a Euro-currency rates for the this year, was still fraught with first three years of its new rescheduling.

Under terms of their London

Klemencic, Finance Minister. scheduling which was agreed in principle in negotiations in London creditor-banks, chaired don earlier this month.

The main creditor-banks, chaired debt negotiator, have indicated by Manufacturers Hanover, informally that they will accept

Persuading all the country's creditor-banks, which number more than 430, to agree to the reduction in margins on earlier reschedulings promises to be a difficult task.

Though some Latin American agreements have been revised in this way, most recently in the case of Chile, many creditors regard such a step as confirmation of a precedent which runs against basic banking principles.

Gandhi calls Tamil leaders to New Delhi for talks

BY ALAIN CASS, IN COLOMBO

INDIA IS launching a new initiative to try to revive the Sri Lankan peace talks in a last effort to prevent the island from sliding into widespread civil

Leaders of the major Tamil guerrilla groups have been sum-moned to New Delhi for talks today with senior Indian officials in a bid to restart the talks which collapsed last week in Thimpu, capital of the Himalayan kingdom of Bhutan. Mr Hector Jayewardene, brother of the Sri Lankan President and leader of the

Thimpu talks, has been asked to stay on in New Delhi in a bld to get the talks restarted.
The talks broke down because of the wide gap between the two sides and the worsening security situation in

the country.
The Tamil groups are demanding substantial devolution of power for their heartlands in the north and east of Sri Lanka. The Government has so far only offered to set up district councils in those areas with limited powers.

There are real fears both in New Delhi and Colombo that unless both sides can be persuaded to go on talking a major new round of violence is inevit-Since the collapse of last week's talks India has been

faced with two options — either

SECURITY FORCES killed 10 Tamil separatist guerrillas in a jungle battle in eastern Sri Lanka yesterday and in the north rebels held up a train, the Defence Ministry said, Reuter reports from

Tamils in the northern towns of Jaffna, Kilizochehi and Vavuniya, meanwhile, protested against the expulsion of three guerrilla leaders from India.

A Defence Ministry spokes-

man said the 10 guerrillas were killed in a clash when troops were searching the jungles of the Eastern Province's Ampara district.

course and take tough new measures to bring the sides to-gether. Mr Rajiv Gandhi, the Indian Prime Minister ordered the expulsion from the south Indian state of Tamil Nadu at the weekend of three top guerrilla group leaders as a means of putting pressure on the remaining militants to get back to the negotiating table. Mr Gandhi also held talks with Mr A. Amirthalingam, Sec-retary General of the Tamil United Liberation Front, the main Tamil political party. At the same time the Indian Government has made it clear

to Sri Lanka that further concessions to the Tamils will have to be forthcoming if a comto distance itself from the con-flict or get more deeply in-volved in the negotiating basis for renewed negotiations process with all the attendant is for Sri Lanka to offer to set isks. up provincial councils in the It seems clear that India has Tamil areas with meaningful

decided to adopt the latter powers. Zia faces dilemma over

mourners' visits to Bhutto

BY JOHN ELLIOTT IN ISLAMABAD

have visited Miss Benazir 1979.
Bliutto, leader of Pakistan's The banned People's Party (PPP) consid during the last five days in the southern province of Sind. She Larkan returned to Pakistan from exile ted, by

and, wh marachi are located many fear the Bhutto many fear the Bhutto of the late Prime Minister's regime.

Speaking from Larkana yesterday Miss Bhutto said: "We should know in a week's time if they are going to arrest me. Why should they wait any clonger if they are going to do it?"

She plans to travel to the Bhutto home in Karachi, where she was held under house arrest for nearly three years until she left for medical treatment in the UK 18 nonths ago.

It is not known how long President Zia will allow Bhutto to meet permitted. the UK 18 months ago.

It is not known how long President Zia will allow Miss Bhutto to meet people. It seems likely that he has not decided but is waiting to judge the responce to her presence in the country.

Many people are concerned.

SEVERAL thousand mourners, revenge for her father, the including delegations of poliformer Prime Minister, who was tical and trade mon leaders, executed by the Zia regime in The Bhutto name has still considerable political pulling power, especially in Sind, where

ing for her brother ended on Sunday, 40 days after his death responce to her presence in the but Miss Bhutto will continue to receive people offering continue.

Many people are concerned delences for up to 40 days after that Miss Bhutto's main politihis burial last week, thus being cal motivation is to wreak able to hold political discussions

Violence continues in Punjab

By K. K. Sharma in New Delhi TWO HINDUS were shot dead by Sikh terrorists in the Punjab holy city of Amritsar yesterday, despite the election of a moderate to succeed the assassinated president of the Sikhs' Akali Dai Party, Sant Harchand Singh Longowal last

Sant Longowal's successor is Mr Surjit Singh Barnala, who was elected interim president of the Akali Dai at a meeting on Sunday when the party's leaders also ratified the settlement for the troubled Indian state signed on July 24 by Prime Minister Rajiv Gandhi and Sant

Longowal. This gives fresh hope that the settlement will survive the assassination of its architect. Mr Barnala was one of two moderat leaders of the party who helped Sant Longowal in discussions with Mr Gandhi before the settlement was

However, opposition to the accord continues. Even within the Akali Dal the settlement was criticised by two senior leaders, former, Punjab chief minister Prakash Singh Badal and Sikh temple committee president Gurcharan Singh Tohra.

Both were absent from a Press conference where the results of the election of the new interim president and the ratification of the settlement were announced. They had given the accord their qualified support only a few hours before Cant Longowal was assassinated after openly attacking its terms,

undecided about 🤔 early election

By Samuel Senoren in Manifa

PRESIDENT Ferdinand Marcos remains undecided on whether to resign and call a snap Philippines election or complete his term through 1987.

Mr Marcos met with leaders of his ruling New Society Movement in a marathon caucus at the presidential releases the presidential palace at the weekend to take up the election issue. He said he would decide on the matter this

month.

But party leaders told Mr Marcos that a survey among village units of the party showed "overwhelming reshowed "overwhelming re-jection of a snap election. Opposition leaders believe the ruling party was paving the way for Mr Marcos' decision to forego a snap election. They claimed Mr Marcos feared losing in an unscheduled elec-

The 67-year-old leader who has ruled for 20 years, had floated the idea of resignation and seeking a fresh mandate in and seeking a fresh mandate in the wake of the aborted attempt two weeks ago by opposition members of the parliament to impeach him.

Members of Mr Marcos's party in the parliament threw out the impeachment resolution hours after it was filed.

Opposition leaders in hours.

Opposition leaders said, however, they would revive the impeachment proceedings when the parliament resumes.

Hanoi reaffirms plan to quit Kampuchea by 1990 BY KIERAN COOKE IN JAKARTA

backed Heng Samrin régime in Reuter adds from Bangkok: Phuom Penh was getting The U.S. ambassador to the stronger, and the forces fight. United Nations. Mr. Vernon backed Heng Samrin régime in ing the Victnamese were Walters, said yesterday that demoralised, had no more Victnam must offer something bases, and were surrendering "more substantial than words" never greater numbers, Mr before Washington would nor-

VIETNAM has reaffirmed that Kampuchea question and a it will withdraw all its forces possible withdrawal of Vietfrom Kampuchea by 1990, even namese forces before 1990. from Kampuchea by 1990, even hamese forces before 1990, if those belonging to Khmer Mr Thach said this could only take place before 1990 if the Khmer Rouge were first

Mr Nguyen Co Thach, said at the end of a five-day visit to Indonesia that Vietnam was it ion led by the Assistant Secretary of th optimistic about Kampuchea's tary of State, Mr Paul Wolfo-future. witz, which was due to visit The army of the Hanoi- Hanoi within the next few days. Thach said.

He had had discussions in Mr Waiters also doubted if Jakarta with his Indonesian Vietnam would be willing to counterpart. Dr Mochtar, about withdraw its troops from Kamanegotiated settlement to the puchea,

He had had discussions in Mr Waiters also doubted if national guarantees of non-interference, meaning that the U.S. and Pakistan should stop supporting the guerrillas.

Afghanistan wants interbargain struck with the Original Preventation of the Original Preven

Afghanistan and Pakistan to resume talks

Gradual switch

The switch to New Shekels will be gradual. New notes

AFGHANISTAN and Pakistan resume talks today aimed at ending a six-year war by Moslem guerrillas against the Afghan Government and withdrawal of about 115,000 Soviet mad Dost of Afghanistan.

The talks, begun in June its 130 adherents at their Third 1982, are also aimed at the return of about 4.5m Afghan treaty was signed.

Union troops which back it, Reuter reports from Geneva. Diplomats expect little progress from this fifth round of "proximity talks" sponsored by the United Nations and attended by foreign ministers Sahabzada Yaqub Khan of Pakistan and Mr Shah Mohamrefugees from Pakistan and

NON-PROLIFERATION TREATY SIGNATORIES MEET

Conference clash likely over arms control

proliferation, which opens here today. nuclear weapon powers, but nuclear disarmament, and on has still are not signatories of the 1970 a treaty on general and compared to the 1970 a treaty on general and compared to the 1970 a treaty on general and compared to the 1970 at treaty on general and compared to the atmospherical are not signatories of the 1970 at treaty on general and compared to the atmospherical are disarmament under strict. Treaty of the atmospherical are disarmament, and on has still are compared to the atmospherical are disarmament, and on has still are compared to the atmospherical are disarmament, and on has still are compared to the atmospherical are compared to

treaty was signed.

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN GENEVA

measures relating to the cessation of the nuclear arms France and China are also race at an early date and to

which are being examined by control."

The Soviet Union has probably scored a propaganda point with the implementation of this cision to suspend all nuclear weapon stared the adoption of a bargain struck with the U.S., the Soviet Union and Britain 1920 has not been a structured by countries feel that the original bargain struck with the U.S., the Soviet Union and Britain 1920 has not been a substantial step towards nuclear disarrament.

are still deadlocked. Moreover, the Partial Test Ban Treaty of

1963 outlawing nuclear tests in

the atmosphere, sea and space, has still not been followed by a Comprehensive Test Ban The Soviet Union has prob-

ity, the Five years later those country, the Five years later those country in many ways, the NPT can states tries have little cause for any be considered successful.

THE U.S., the Soviet Union and Britain are expected to be severely criticised for their failure to make progress on nuclear arms and to submit to a system of interior failure to make progress on nuclear arms control, during a month-long conference on preventing nuclear weapons proliferation, which opens here accepted not to manufacture or greater satisfaction with the big agreement has withdrawn from control the nuclear arms race. Negotiations between the U.S. Negotiations between nuclear powers, it was feared that by the 1980s this number would be 20, but the number

remains the same. There are, however, reasons for disquiet, stemming from the refusal of six so-called "near-nuclear" countries — Argennuclear countries — Argentina, Brazil, India, Pakistan, Israel and South Africa — to sign the Treaty.

U.S. grain mission U.S. Agriculture Secretary John Block, trying to improve John Biock, trying to improve the strained superpower climate, had a busy round of talks with Soviet officials, yesterday focusing on Soviet purchases of American grain, Reuter reports from Moscow.

FINANCIAL TIMES

Published by The Financial Times (Burope) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, P. Barker, R.A.F. McClénn, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurth Societists-Druckers-GmbH, Frankfurt/Main, Besponsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd., 1965.

FINANCIAL TREEPS.

Chaos (3, 2)

Chaos (3, 2)

Chaos (3, 2)

Yorkshire.

Yorkshire. girl-mole, perhaps (9)

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Times Ltd, 1965.
FINANCIAL TIMES, USPS No. 190649, published daily except sundays and holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. Post-MASTER: send address changes to FINANCIAL TIMES, 14 East 50th Street, New York, N.Y. 19022.

WORLD TRADE NEWS

R-R could lose \$40m Malaysia air-engine order

smallest of the world's "big 747s—whereas Pratt & Whitney three" aircraft engine manufacturers, is in danger of losing and General Electric 20 per an important order from Malay-

A decision against Rolls-Royce on the \$40m (£28.5m) engine deal, which is for a Boeing 747-300 jet due to be delivered in June next year, would be con-trary to the terms of an order placed by MAS two months ago.

But the Malaysian Cabinet un-expectedly refused to ratify the contract, and as a result much of Rolls-Royce's future business

weekly flight to London. stretc But because the airline has MAS. rights for daily flights into the U.S. and has applied for daily services to Britain — which means further aircraft will be needed — the Malaysian Covernment has ordered a review aircraft will be bought of MASS whole purchasing designs now lies with

The company is said to have about 6 per cent of the world market — only half a dozen air finally sealed three weeks ago.

USA

U.K.

Italy

W. Germany

ROLLS-ROYCE of the UR, the lines use its engines on their smallest of the world's "big 747s—whereas Pratt & Whitney

sia Airline System (MAS), the Malaysian flag-carrier, to Pratt Whitney, one of its main competitors.

Malaysian flag-carrier, to Pratt Royce engines on its two existing Boeing 747-200 aircraft, and General Electric engines on its Additional Competitors. A-300 Airbuses and McDonnell-Douglas DC-10s.

The airline originally comnited itself to a total of four 747 engine purchases from Rolls-Royce but is thought to have been relieved of its obligation over the fourth. Final decision on the third purchase is imminent

General Electric is thought with a long-valued customer is not to be a contender, despite its credentials. This in itself is MAS needs the aircraft for surprising, since a decision in two new weekly flights to the favour of a third engine-type. U.S. West Coast and for a fifth stretch a small airline like

Rolls-Royce has meanwhile been allowed to re-bid for both this and future engine orders on the assumption that more rement has ordered a review of MAS's whole purchasing strategy, by the Treasury, headed by Mr Daim Zainuddin, Finance Minister.

For Rolls-Royce, a lost order could further reduce its standing as a world supplier for Boeing 747 engines.

The company is said to have a lost order lost of the company is said to have a little bought. Responsibility for Malaysia's decision now lies with the Finance Minister. Finance Minister. An order from Pratt and Whitney is bound to disappoint those in Whitehall who hoped the concession made to MAS on the fifth UK flight would help secure engine orders for Rolls-Royce.

April '85 2,304.6 8.6

2,338.3

World Economic Indicators

UNEMPLOYMENT

3,179 13.1

May '85 2,192.6 8.1 2,282.6 9.9

737.0 13.1 528.5 12.8

July '85 6,451 7.3

3,235 13,4

June '85 2,168.4

2,223.2

2,854.7 12.4

737.9 13.2

505.9 12.3

Row brews over Intelsat expansion plans

INTELSAT, the multinational telecommunications co-opera tive, will next month consider controversial proposals to expand domestic service opera-

Under consideration is the sale of unused transponders which receive and transmit satellite signals and the extension of non-cancellable or non-

Intelest, the primary function of which is to provide international telecommunications services, provides domestic services only on a pre-emptible basis through 38 leases to 27 countries.

time when the co-operative is a competitive satellite next year, fighting the Reagan Administra- Intelsat officials are planning tion's insistence on private com- to charge \$3m (£2m) for each transponder, a price he des-cribes as "dumping." Pan American will offer inter-

Officials are particularly national business services be-tween the U.S. and Latin

to oppose all dum she service proposals—or at least, defer them until they can be analysed.

Inteisat should be required to provide cost data justifying the proposed rates of all leases and sales according to FCC pricing rules, the attorneys said. In their letters, the attorneys accuse Intelsat of having "chronically over-invested in space segment facilities."

"It is important to note that

while the director-general wishes to declare certain capacity 'surplus' there is no concomitant plan to delay or postpone any of the Intelsat V's awaiting launch—nor any plan to delay procurement and

The new proposals come at a Satellite, which plans to launch 1stive to Intelsat, be instructed construction of the Intelsat VI series," they say.

A spokesman for Intelsat said procurement decisions for the Intelsat V and VI satellites were made years ago. Some of the newer satellites have extra

during the past year.

modifications more applicable to the new business services which Intelsat has introduced

He pointed out that as long ago as 1982, member-govern-ments formally concluded, concerning domestic service that "...emphasis needs to be given to approaches by which those services can be provided on a planned, non-pre-emptible basis, integrated into the framework

SHIPPING REPORT

more hopeful By Our Shipping Correspond VERY CAUTIOUSLY, the tanker market is starting to feel more optimistic about charter rates. Though levels were little improved over the week, in-quiries from most loading areas

Tanker market

starts to feel

In view of the rates seen recently— described as "desperate" by one broker—it is enough that for the second week running the fall seems to have

been arrested. The Middle East Gulf market has seen shortages of better-class tennage, and the number of fixtures has been on the increase. Mediterranean business is reported to be considerably West Africa is described as maintaining its previous

momentum.

The troubles at Sanko Steamship the Japanese shipping group, are still a talking-point. but although a few vessels have been arrested in the U.S. and South Africa, it would appear that Sanko tonnage continues to

Indeed, one broker speculates that in a couple of years may be able to look back and see that the Sanko case signalled the bottom—If not the end—of the slump."

Inevitably, though, Sanko is throwing a shadow over sale prices. Uncertainty over what will happen to the Sanko tonnage has meant that bulkcarrier sales have been conspicuous by their absence, and the outlook is seen as depress-

Japanese 'stepping up vehicle part export

JAPAN'S motor industry was rapidly building up exports of automotive components. Dr Carl Hahn, chairman of Volkswagen, the West German group, said esterday.

He gave a warning to the Japanese that, while their achievement was impressive, they should realise the world automotive system would only continue to work successfully if trade were a two-way proposi-

tion.
"It will not work for ever if trade flows in only one direction. Continuous growth in a one-way flow could create an imbalance to the detriment of other automotive nations and finally to Japan itself."

Dr Hahn, making the keynote

speech at the Automotive News world congress in Detroit, said that not much attention was paid publicly to Japanese production of commercial vehicles. Yet, in the first six months of 1985, as well as selling 1m cars in the U.S., the Japanese had also sold 400,000 small pick-up trucks primarily used as passenger cars.

Only 14 per cent of the pick-ups were made in the U.S.—at Nissan's factory in Tennessee. The marketing organisation was now being put into place to brine medium-sized trucks to the U.S. from Japan. Dr Hahn suggested that little

was heard of Japan's trade in vehicle kits and components. The role of the Japanese manufacturers as component suppliers was enormous-and was growing very quickly

"These silent elements of the Japanese industry . . . should be of extreme interest to competitors. What today are huncurrent trend continues, he future.

only estimate the volume of components the Japanese were supplying to western companies. VW-Audi intends to produce and sell 2.4m vehicles worldwide in 1985, said Dr Hahn, up nearly 12 per cent from last year's

• Mr Noel Phillips, chairman of VW of North America, said his company expected to sell 300,000 cars in the U.S. in 1985. including 70,000-90,000 Audi models. Last year, VW-Audi sold 249,000 cars in the U.S.

pre-emptible leases to ind vidual member-governments.

petition in international tele-

worried about competition along the lucrative Atlantic ocean route, which they fear will cut deeply into profits and raise the cost of services to Third World countries. The board is reported to be

considering a proposal to declare 160 transponders on satellites in every ocean region as "surplus capacity." According to Mr Fred Land-Commission (FCC) to demand man, president of Pan American that Comsat, the U.S. represen-

communications,

America. It has also plarned to increase its business by offering

increase its business by offering domestic services. Mr Landman claims that Intelsat's move is designed to keep private competition out of the market.

Pan American's attorneys have writting to the U.S. State and Commerce Departments and the Federal Communications Commission (FCC) to demand that Comsat, the U.S. representations

Dole hints at textile exemption for HK

albeit a slim one—of being exempted from the effects of the
controversial and portectionist
Jenkins Bill which if passed inJenkins Bill which if passed into law in the U.S. would force
Asian textile and garment manufacturers to cut exports to the

U.S. to 1983 levels,
Senator Robert Dole, the Re-Senator Robert Dole, the Republican majority leader of the U.S. Senate, provided a glimmer of hope when he said in Hong Kong at the weekend that the Territory's open market policy justified it receiving "special consideration" when the Jenkins Bill goes before Senate letter this autumn kins Bill goes later this autumn.
Senator Dole, heading a congressional

mission, was on his way to Peking after visits to Japan, Korea and Taiwan explaining the background to protectionist pressures in the U.S., and call-ing for a lowering of tariff walls in these Asian economies. The Jenkins Bill, drafted by

Mr Ed Jenkins, a Georgia demo-crat, has been fiercely criti-cised by Garment—exporting countries in Asia. If implemented, it would have a serious impact on several economies, prominently China, where textile and garment ex-

August last year. Local knitwear manufacturers

claim the changes will cost them HK\$ 3bn (£272m) a year in lost orders. The Jenkins Bill will further aggrivate the sector's Hong Kong officials in New York have been lobbying hard in the U.S. against the bill— attacking both its logic, and the fact that it exempts Canadian

garment industry as a result of u.S. "country or origin" laws, introduced unilaterally in EEC from the effects of the EEC from the effects of the Bill, but said he would expect an amendment making it equally applicable to all exporters. He added that Hong Kong

might win exemption because it practised free trade. While the U.S. had a trade deficit with Hong Kong in 1984 of \$5.6bn (£4bn) he noted that Hong Kong bought 3.5 times as much from the U.S. per capita as Talwan, Korea or Japan.

cent, and Indonesia, which Senator Dole said at the to Peking where he expects to would suffer an 85 per cent cut. weekend that the Jenkins Bill meet a wide range of Chinese Hong Kong has suffered a would be "without excentions" officials.

China set to boost woollen clothes output

Excellence engineered by Krupp

BY ROBERT THOMSON IN PEKING

following the signing of an agreement in Peking between the Chinese Government and the International Wool Secre-

June '84 2,112.6 and given assistance in improving the finished product. Both
these areas are in need of this week for talks on wool
development, according to Dr with the Ministry of Textile
John McPhee, managing directing industry. 2,147.7 145 tor of the IWS, after the

signing. tries will sign another wool-"The level of design and industry co-operation agreement finish expertise has been quite which would supplement the poor. From the technical point work being done by IWS and of view, the quality of products lead to higher sales of is very good. But there has Australia's wool.

THE PROSPECT of a big been very little market work increase in output of woollen done," he said. clothes in China has emerged, The IWS intention is to belp The IWS intention is to belp China make its wool products more marketable overseas. If that policy is successful, and Chinese exports rise, the tariat (IWS). Secretariat expects China will China is to be provided with market research information Zealand wool.

> It is expected the two countries will sien another wool-

trialists, who are hesitant to export expertise and technology industries eventually being out-performed by Chinese industries, Dr McPhee thinks Australia and New Zealand have nothing to lose in helping improve the Chinese wool indus-

"Australia and New Zealand supply about 80 per cent of the world's wool. It is better for them to have good-quality wool products on the world market, which is what this agreement will bring about. It is bad for wool's reputation to have poorquality products made."

Mr Dawkins, who considers "The development of the trade

Unlike many Japanese indus- relationship with China to be my single most important job," began talks in Peking yesterday with Chinese officials. Wool is expected to be the highlight of Mr Dawkins' visit, and he will also have talks with the Ministry of Metallurgical Industry, which could lead to

a non-ferrous metals agreement. The wool trade has grown substantially in the past year, with Australian exports worth A\$132.6m (£68m) in the 11 months to May of the last financial year, up from A\$80.9m in the preceding financial year.

Sustained growth of Australian exports to China has also meant a growing problem with a hefty surplus of trade in Aus-

The New Control of Control of the Co

The Krupp approach to an environmetal problem: Clean power generation and nitrogen fertilizer to boot.



power utility in Mannheim, West Germany, easily meeting sulphur-dioxide emission standards.

Unlike conventional scrubbing methods, the Krupp process does not produce any waste water. Air pollution is therefore not reduced at the expense of water pollution. Nor is there any solid waste to dispose of. All that's left over is a high-grade nitrogen fertilizer that can be used straight from the power plant.

Another Krupp contribution to a cleaner environment is the Walther electrostatic preapitator. With a dust collecting efficiency of over 99% it makes coal-fired power plants a lot kinder to the atmosphere.

Over the past 20 years and more Krupp has pioneered environmental technologies that point the way to the future - processes and plant for effluent treatment and noise abatement, for heat recovery and recycling of valuable raw materials.

Creative dialogue is our springboard. Krupp engineers work in dose partnership with customers seeking solutions to the problems that touch us all.

We provide the advanced engineering materials, facilities and systems needed for speedy and sustained economic progress.

Krupp. A tradition of progress.

Clean energy + fertilizer = a bright idea from Krupp.

Krupp member company Walther & Cie* has developed a process which simultaneously removes sulphur dioxide and nitrogen oxide from power station flue gas. The only by-product is a high-grade nitrogen fertilizer.

Since 1983 this Krupp process has been used for flue gas desulphurization by a major



BR boosted by low response to strike call

BY DAVID BRINDLE, LABOUR STAFF

A POOR RESPONSE to call for a 24-hour strike in a key area of British Rail's Eastern Region yesterday boosted BR's hopes that most railway workers would not support a national dispute over its plans for driver-only train operation, dispen-

The 11,000 guards were balloted by their union, the National Union of Railwaymen (NUR), on Friday over taking industrial action, in-cluding strikes. The result will be announced tomorrow.

Only one in three drivers and guards took strike action yesterday in the Doncaster area in the north of England. BR said it was able to run more than 80 per cent of Inter-City services on the East Coast main line to York and Edinburgh, as well as more than 50 per cent of

local services. BR, having earlier feared paralysis of the East Coast line, said last night: We are heartened by the response of our train crews. We see this as evidence that many of our staff do not want to fight the (Brit-ish Railways) Board, nor do they want to inconvenience the travell-

The boost came at an important time for BR. The NUR ballot is expected to show a majority of guards in favour of industrial action.

A majority of the union's executive committee is behind a policy of step-by-step escalation of the dispute, rather than an immediate all- printworks in Manchester. out strike, and is likely to opt for sanctions and "guerrilla" stoppages of the kind planned in Doncaster

Union officials maintained they were not downhearted at response to the strike, called in support of 37 guards dismissed at nearby Immingham, Humberside. Many rail staff, it was said, were "keeping their powder dry" in anticipation of official action.

Mr Bill Collins, NUR branch secretary at immingham, said the request to the Doncaster area had been for support, not specifically for

■ The two sides in the dispute which has led to suspension of pu-blication of Mirror Group Newspaper titles - including the national daily, The Mirror - seem ready to resume talks this week. About 4,500 employees have been suspended without pay since last Thursday.

Mr Robert Maxwell, MGN's publisher, was said yesterday to be of-fering talks to the National Graphical Association (NGA), the craft print union, without preconditions. Mr Tony Dubbins, the NGA's general secretary, said he would "most certainly" accept such an invitation.

Pressure on the print union grew terday with an announce Mr Maxwell that the British ewspaper Printing Corporation (BNPC), a subsidiary of British Printing and Communication Corporation, of which he is chairman. had completed negotiations for purchase of the Thomson Withy Grove

The printworks is used by MGN for printing northern editions of the Mirror and Sunday Mirror newspa-

Sinclair and banks reach agreement

By Jason Crisp

SINCLEAR Research, the troubled home-computer company, said last night that it now had "a good base" to tackle the important Christmas selling season after reaching an agreement with its bankers, Barclays and Citibank, and its major suppliers Thorn EMI, Timex and AB Electronics.

Details of the package were not disclosed but there is to be no change in the ownership of the company. Sir Clive Sinclair, the founder, remains both chairman and the largest shareholder with 83 per cent of the equity.

The company's problems accelerated a fortnight ago when Mr Robert Maxwell, publisher of Mirror Group Newspapers, called off a £12m rescue bid. The company had been in financial difficulties since the start of the year and had to postpone payments to its main cre-

After the Maxwell move, Sir Clive said that as a result of an improve ment in sales the proposed refinancing was no longer necessary. Last night Barclays Bank said, on behalf of the signatories to the agreement, "We are delighted to reach an agreement on continuing financial and manufacturing sup-

port for Sinclair Research. This agreement and a new ma gement team, combined with Sir Clive's undoubted flair, enables us to share the company's hopes for a return to sound and profitable tred-

ing."
Mr Bill Jeffrey, chief executive has rearranged the managemen team. An announcement on this and on board changes is expected in the near inture.

Treasury sets the rules for expenditure survey game

sheer obscurantism.

departments.

partments to overspend by more than 4 per cent on average without

least some of the spending depart-

ments' attacks. A rather more duhi-

that asset sales next year are likely

£24bu envisaged at the time of the

game of bluff and counter-bluff will Max Wilkinson, Economics begin with the Government's main Correspondent, examines the spending departments as the play background to an angual coners and the Treasury as the banker.

by departments for excess spending he writes, Treasury officials above the budgets allocated to face a special dilemma this them. The object is to achieve man-year. imous agreement in Cabinet by about November 5 that next year's public spending total will be ministers have drawn from the Feb-£135hn, the figure set out in the lat-ruary crisis when sterling was est budget report.

The Treasury, as usual, will make up some of the rules as it goes along - just to confuse the enemy. Even so, it will need to deploy all its horse trading skills to the utmost. But this year the Treasury is facing a special difficulty: after the humil-iation of last February's sterling crisis it dare not allow the City to gain any impression that it is fine

This is a real dilemma for Treasu ry officials because there is always an element of bluff about their tal by £2bn a year (about 11/2 per an element of plant about their spending projections set out in annual White Papers (policy documents). They are partly targets intended to be kept, but partly they represent the Treasury's negotiating position against the hydra of spending downeds. spending demands.

For example, the Treasury never believes its own figures for future local authority spending. And it has not seriously expected that its employees can be kept within the 3 per cent "pay assumption" enshrined in recent spending plans. But it This is a large and respectable knows, from bitter experience, that cushion which the Treasury can use it must start off with some unrealise in the coming weeks to absorb at tically tough figures if it wants to achieve a "sensible" result.

This tactic, well known to every ous buffer is provided by plans to used-car salesman, is fine for deal-sell assets owned by all of the publing with some of the more notorious lic to some of the public. The decision to sell off British Gas means over-spenders. But it will not do at all for the Treasury's total strategy. to be nearer to 13% bn than the Many of the spending numbers

will inevitably be rather shady, representing a hotch-potch of wishful thinking, bargaining and genuine uncertainty. But they must all add

equivalent of selling the furniture to pay the bills. More rigorously, it has been objected that because a test between the Government's sale of assets reduces the Govern-1986-87 Public Expenditure Survey main spending departments ment's future income, it should be considered more like raising money by borrowing than as a cut in The stake is about & an of bids last February's sterling crisis. spending...
The Government must respect

this argument if it wants to preserve its credibility in the City, although the markets would probably scrept some "cosmetic" reduction in the spending total through asset

ruary crisis when sterling was sales.

plunging towards parity with the dollar and interest rates had to be isters will face when they return pushed up by 4% percentage points from their holidays, therefore, is to 14 per cent in its defence. At least that spending bids by departments part of the reason was that the City have been honed down from about had lost confidence in the Govern-ment's spending numbers, with the ing some wild try-ons), to a core of had lost confidence in the Govern-Treasury suspected in turn of laxi-ty, underhand reflation and then about £4bn at the end of August. This includes a wide range of ex-

tra bids, some of them inescapable, The solution announced by Mr which can be traced to three main Nigel Lawson, Chancellor of the Excauses. First the inflation rate this chequer, in his March budget, was to increase the public spending toyear has been considerably higher than assumed in the last spending White Paper and about % of a per-centage point higher than the Trea-sury was expecting at the time of the budget. This has had the direct cent next year) for the four years up to 1988-89. This was added to the unallocated reserve which now provides a very substantial cushion for result of increasing social security payments by some £700m in a full year, because they are uprated in line with inflation. However, other costs will also rise, so that inflation For next year (1986-87), this re-serve stands at £8bn - almost as large as the expected public borrowwill add more than £1bn to the total ing figure and enough to allow de-

Then there are increases in de-mand that the Government can do little to curb, for example in the family practitioner service and in take-up of social security biggest clothing retailer, helped to 26.4m touries.

Third, there is the continued rise in unemployment which adds to the cost of benefits. It also puts pressure on the revenue side of the government accounts because the unemployed contribute far less in taxes than those in work. Unemployment in Great Britain is now about 100,000 more than was assumed at budget time, and it is still

Because asset sales count as neg-ative public expenditure, this would up to a figure of positively Victorian give the Treasury perhaps a further doubt that the Treasury can respectability in the City's eyes.

Clim or more to set against in achieve its target figure of 6139bn this, at least, is the moral which

Wet British summer puts a dampener on seasonal sales

FINANCIAL TIMES REPORTER

thrown into turmoil the traditional mer by bringing in its autumn fashseasonal activities of many UK ion ranges earlier than usual. companies, as well as dampened stayed at home this year.

cent more rain than average since early June – has meant: a less profitable harvest for Britain's farmers: less beer being drunk; summer fashions being left on the shelf; few-er fridges and freezers being sold; and more Britons holidaying abroad.

An average August in London has some 12 days without rain: this year it rained every day until yes-terday in the capital. But the Bracknell weather centre gives some consolation by pointing out that 1985 has not yet moved into the top 80 weithest summers since 1727.

The blame for the damp summer is put on a continuous northwesterly airstream which has affected most of north-west Europe. The hardest-hit British companies have been those which rely on sunny weather to help boost sales. The brewers are awaiting publica-tion next week of the latest figures for beer sales, but total beer sales in the first six months this year are 1.8 per cent down on the same period

Fashion retailers have been hard hit and left with extra stocks to

BRITAINS wet summer has mitigate the effects of the poor su

The weather has led to a fall-off the holiday season for those who in sales of refrigerators and freezers - which normally sell well in the The weather - England and summer - according to Mr Ian Wales has received nearly 50 per Gray, managing director of the Gray, managing director of the Rumbelows electrical goods chain. This loss has been compensated for by extra sales of washing machines

and tumble dryers. Suntan lotions have, surprisingly, not been affected by the weather with sales this summer up by 7 per cent in volume terms compared

with last year. Many other seasonal products such as garden furniture - have been adversely affected by the poor weather. However, umbrellas have

been in great demand. Another sector which has benefit ed has been the travel industry. The demand for foreign bolidays in recent weeks has been stagger ing," says the Association of British Travel Agents.

This last-minute rush should be seen against a fall-off in business earlier in the year. The general view is that the total UK package tour market will be down by about 5

to 10 per cent this year. Opinions vary among farmers as to the likely effects of the weather on crop yields. But the consensus is that the total harvest will be large by historical standards, if nothing clear. Marks & Spencer, Britain's like as big as last year's record

UF€ OPTIONS REPORT

Eurodollar Future—points of 100%
Quiet market as rate remained
steady ahead of UK holiday.
Previous day a
poen interest
Calls Puts Calls Puts
110 50 1631 1424 Previous day's

Louisa Powell of LIFFE on 01-623 0444 LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

NOTICE OF REDEMPTION

GULF OIL FINANCE N.V.

121/4 % Guaranteed Notes Due October 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the Fiscal and Paying Agency Agreement dated as of October 1, 1982 among Gulf Oil Finance N.V. (the "Company"), Gulf Oil Corporation, (renamed Chevron U.S.A. Inc.), as Guarantor and Morgan Cuaranty Trust Company of New York, as Fiscal Agent and Paying Agent, under which the Company issued its 12½% Guaranteed Notes Due October 1, 1987 (the "Notes"), and the Notes, the Company has elected to and shall redeem on October 1, 1985 (the "Redemption Date") all of the outstanding Notes at a redemption price of 101% of the principal amount thereof (the "Redemption Price"), being the amount of \$1,010 for each \$1,000 principal amount of Notes.

The Notes shall become due and payable on the Redemption Date at the Redemption Price which shall be paid upon presentation and surrender of the Notes together with all coupons thereto appertaining maturing after the Redemption Date at the offices of the paying agents listed below. The coupons for interest due on or before October 1, 1985 should be detached and

should be collected in the usual manner.

The Notes will no longer be outstanding after the Redemption Date and interest on the Notes will cease to accrue from and after the Redemption Date and the coupons for such interest Payments at the office of any paying agent outside of the United States will be made by United States dollar check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Thus cholders who are required to provide their correct taxpayer identification.

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August 19, 1985

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New management at JMB 'cuts losses'

BY STEFAN WAGSTYL

THE BANK of England believes that the new management it in-stelled at troubled Johnson Matthey Bankers after its collapse last year has succeeded in cutting potential losses on bad and doubtful

satisfied with the progress made in bringing the loan book to order since it rescued JMB last October. Previous estimates putting bad statements on the affair.

loans at £248m may prove to be up

Magnuchila details at 1 As a result, the Bank is confident

It is understood that the Bank is

that it can press ahead with plans to sell JMB back to the private sec-tor. A number of would-be buyers have already expressed interest to Baring Brothers, the merchant bank which is advising the Bank on preparing the ground for an even-tual sale.

JMB's future are, however, unlikely

making trenchant criticisms of the

'Think Tank'

have new head

MRS MARGARET THATCHER the Prime Minister, is expected to announce within the next fortnight the appointment of a successor to Mr John Redwood as head of the "Think Tank" at No 10, Downing Street. The unit advises on policy

Downing Street refused yester-day either to confirm or deny re-

ports that the post would go to Prof Brian Griffiths, aged 43, the dean of the City University Business School in London.

Prof Griffiths, formerly professor

of banking and international fi-nance at the City University, has a

reputation as a hardline monetar-

st.
The post of head of the "Think

Tank" has become vacant as a re-

sult of the selection of Mr Redwood

as parliamentary candidate for the

safe Conservative seat of Woking-

The seat is at present held by Sir William van Straubenzee.

Tyndali Bank '

(Isle of Man) Ltd

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Interest Rates

Sterling Money Account 11.125%

Dollar Money Account 6.75%

ham in Berkshire.

expected to

Financial Times Reporter

Bank of England's role in the JMB

The City of London police fraud squad is expected to report soon on its investigations into gaps in JMB's records. JMB and its former parent John-

son Matthey are suing JMB's former auditors, Arthur Young, Arthur Young is suing Mr Lawson for libel over remarks made in broadcast Meanwhile, details of JMB's loan book continue to emerge. Some £100m of the £248m bad debts is ac-

counted for by the two biggest cre ditors - Mr Mahmoud Sipra, whose El Saeed group ran up debts of over £50m, and a second major customer whose identity has not been

ual sale.

Other debtors include companies in Mr Abdul Shamji's Gomba is expecting to see a detailed review of JMB's hoan book by its new auditors, Price Waterhouse.

Indications that the Bank is now more optimistic than before about 1000 and 100 chairman of Sunrie Clothes.

Many of Mr Sipra's companies
have gone into liquidation or receiv-

JMB's future are, inquever, unmany to dispel continuing controversy about its past.

Mr Nigel Lawson, the Chancellor of the Exchequer, has far-reaching of hank supervision after than call in loans, JMB has preferred to seek better security or to improve documentation.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

Issue of up to £70,100,000 of 814 per cent. Convertible Unsecured Loan Stock 1996/2001

Application has been granted by the Council of The Stock Fechange for admission of the Loan Stock to the Official List

Listing Particulars relating to Guinness PLC and Supplementary Listing Particulars relating to the Loan Stock are available in the statistical services of Extel Statistical Services Limited and copies are available for collection from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2P 2BT up to and including 29th August, 1985 and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 10th September, 1985

Guinness PLC Bodiam House Twyford Abbey Road London NW10 7ES

Dated 27th August, 1985

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Public Notices

WIDE AREA

Notice published by the Director General of Telecommunications under Section 12 of the Telecommunications Act 1984.

British Telecommunications to run telecommunication systems for the provision of radio-paging and other land mobile radio services.

1 The Director General of Telecommunications ("the Director") hereby gives notice that he proposes, under Section 12 of the Telecommunications Act 1984 ("the Act"), to modify the conditions in the licence granted under Section 7 of the Act to British Telecommunications ("British Telecom") to run telecommunication services for the provision of radiopaging and other land mobile radio services by the insertion of a new condition. This condition will require British Telecom to introduce separate billing for its Radio-paging Services and ancillary services (eg the supply and maintenance of pagers) so that customers of those services are invoiced separately for such services from any other services provided by British Telecom. British Telecom will be required to introduce such separate billing for some of its radio-paging customers not later than 30 April 1986 and for the remainder of such customers as soon as

reasonably practicable thereafter. 2 The purpose of the modification is to remedy or prevent any adverse effects to British Telecom's

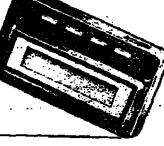
Proposed modification of the licence granted to competitors in the provision of radio-paging services which could result from British Telecom's practice of including its charges for radio-paging services in the same invoice as its other charges to a particular customer for other services provided to that customer by British Telecom.

3 The Director is required by Section 12(2) of the Act to consider any representations or objections which are duty made and are not

Any persons whose interests are likely to be affected by the modification, and who are desirous of making representations or objections in respect of it, should do so in writing to Mr AW G Catto, OFTEL

Atlantic House, Holborn Viaduct, London EC1N 2HQ (stating their interests and the grounds on which they wish to make representations or objections) before October 7th 1985. Copies of the proposed new

conditions may be obtained



girl-mole, perhaps (9)

Chaos (3, 2)

Yorkshire.

York

from OFTEL

Nissan to build design centre at new plant

BY JOHN GRIFFITHS

north-east England. It has already required firmer suspension on their vehicles for high-speed autobahn as model it is to produce "in minor ways" to accept UK components, according to Mr Ian Gibson, purchasing director of the manufacturing subsidiary, "and the design will change further as you alwar".

The first Stanzas to come off the

change further as we go along."
"Eventually the car produced will
be our own vehicle" – although with a common engine and transmission to the Japanese version, assuming that Nissan moves as expected from assembling 24,000 Stanzas a year from next August to production of at least 100,000 units a year by 1990, said Mr Gibson.

Nissan's final decision on phase two is due in 1987, although it has already indicated that it is virtually

The requirement for design changes to the European Stanza would come about because of the differing requirements of European buyers to counterparts elsewhere in the world, and because of the need to fulfil a commitment to the UK Government that it would source at least 80 per cent of the car within Europe under phase two.

san's past policy had been to pro-duce a particular model at one plant poment suppliers.

NISSAN is including a design cen-in Japan for sale all over the world. tre in its car plant being built on an However, this was not an ideal solu-800-acre site at Washington in tion. West Germans, for example,

The first Stanzas to come off the line next year are expected to have about 20 per cent UK content, spread among about 30 UK suppli-ers, said Mr Gibson.

But with the higher economies of scale from phase two onwards --there is a provisional phase three for the early 1990s, involving 200,000-plus vehicles a year - "the car eventually produced by us will be our own vehicle."

already indicated that were output in the 1990s to reach 250,000, extra facilities to produce engines and transmissions would not be ruled

Mr Gibson sought to allay fears raised by West Midlands components suppliers that they would be required to move production facilities to the north-east if they wished to do business with Nissan, and that Mr Gibson pointed out that NisWILLIS HOPES FOR SOLUTION TO UNION'S THREATENED EXPULSION

TUC authority 'must be respected'

MR NORMAN WILLIS, general cal funds - could be a major aid to

secretary of the Trades Union Congress (TUC), has said that any solu
He questioned whether or not the tion to the impending suspension or expulsion of the Amalgamated Union of Engineering Workers (AUEW) from the TUC must be one in which the authority of the TUC is recognised.

The AUEW faces suspension for receiving £1.2m of state aid for postal ballots - an act expressly pro-scribed under the principles adopted by the unions at the TUC special conference at Wembley, London, in

Mr Willis said he did not know "if there's any mechanism to get off the book - but there's no solution which says that it just doesn't mat-ter." However, he said: I don't believe this is an issue where anyone is seeing it as a chance to get the AUEW and the EETPU (the electricians' union which supports the AUEW) out of Congress."

The TUC general secretary was giving an interview to the Financial Times before the opening of the annual TUC Congress in Blackpool next Monday. • He said there was growing dis-

satisfaction in the public sector – al-though this was unlikely to result in "one public service battle." ● He claimed that ballots – now required under the 1984 Trade Union Act to elect union executives, to

hold strikes and to maintain politi-

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Government was listening to the TUC in such forums as the National Economic Development Council (NEDC).

 He condemned the Government's review of social security as an attack on the social consensus which has existed since the Second World War and of which the TUC was Mr Willis said that there was "a

considerable amount of apprehen-sion about a major union being out-side the TUC – we've always prided ourselves on having one national centre. There is a great wish to see this solved; but if you want one national centre, it must be effective." The TUC general secretary pointed to the statement by the AUEW executive earlier this month which firmly rejected any participation in an alternative centre to the TUC. But he added, "I honestly don't be-

lieve we are taking a hammer to crack a nut here. If there is any solution, it must have the element of recognition of the TUC's authority." In the public sector, he said, there were three major causes for complaint. First, Government antagonism to the sector - "this attitude that it could all be done better by Tescos" (the supermarket chain). Second, a covert "incomes policy" for the public sector which was "be-

low the cost of living." Third, there



Mr Norman Willis

was "hardly a part of the public services where there isn't a consider the TUC, Government and employable resentment on manning levels ers at the NEDC had been interest-

part of it. My own view is that there Mr Willis attacked the review of

He said there was great interest wishes to retain balloting in some their plans."

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form). The TUC general secretary added that ballots could create "a new situation - it gives us the right to campaign."

He criticised the press and broadcasting media for being "much more willing to mix it" in union elections and decisions - and said that extensive balloting would "require a greater degree of public from the media. He said, We are entering into a much more public arena without being given any guarantees of behaviour from

anyone."
On relations with Government, he said: "We've always had a relationship there - the question is, not seeing the Government, it's what do you talk about? And who is listen-

He said that discussions between On ballots, Mr Willis said that he believed trade unions were now seeing how effectively they could that it was still worth remaining within the forum.

Mathematical and open interesting — "but the Prime Minister and Chancellor are still saying, "We're not changing anything." He added that it was still worth remaining within the forum.

is a common feeling that they want social services by Mr Norman Fowlto get more experience under their er, the Social Services Secretary, as belt about ballots - I believe the being "part of a hostile position to-mions are treating this very wards the TUC." There had been no

in what a Labour government was no question of an independent would do in this area. (Mr Neil Kininquiry," he said. "It looks as nock, the Labour leader, has said he though they will just go ahead with

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Industry urged to make up shortfall in research budget

BY DAVID FISHLOCK, SCIENCE EDITOR

AN URGENT appeal to industry to crossword puzzle with half the help make up the shortfall in the clues missing and the other half national budget for basic research wrongly numbered." national budget for basic research was launched by the president of was launched by the president of the British Association for the Advancement of Science in Glasto benefit fully from its basic, curi-

clyde University. He cited the way search would blur "and there will be same proportion in Britain would add £28.5m - enough to fulfill our U.S. company, Monsanto, was funding on a large-scale research into carbohydrate chemistry at Oxford

dividual research." Some British companies were beginning to see the merit of investing in research at this level.

spent by the Science and Engineering Research Council on subjects of British Petroleum's venture re-

University "without placing intoler-

search unit gave research grants dards of education and research for proposals having some prospect The major steps in technology of new industrial innovation within that had "changed our world" - he a decade or two, he said.

osity-oriented research. Prof Sir Hans Kornberg, the Cambridge University geneticist, was opening the annual conference of the British Association at Strathtween "basic" and "strategic" respectively. By involving scientists in indus-

U.S. industry provides about 4 per a heightened awareness of the cent of the support for basic research in U.S. universities. The put science to use." The belief that only applied research and experimental develop-

most urgent needs," Sir Hans said. ment yielded commercially useful He found it encouraging that one results was one that increasingly permeated government as well as industry statements. This belief had changed for the

worse the way that public funds are able shackles on the freedom of in- used for the support of research. Sir Hans was very sceptical of the way that money was being only marginal relevance to stan-

Sir Hans warned of the vital im- medicine - were not improvements portance of remaining curious if of existing practices but "quantum science was to be effectively put to jumps to entirely novel procedures use. He likened research to "doing a that are rooted in basic research."

Expansion planned for London marina complex

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

TAYLOR WOODROW is seeking planning permission for a £100m expansion and improvement programme at St Katharine's Dock, the business, leisure and residential complex close to the Tower of Lon-

St Katharine-By-The-Tower, a subsidiary of Taylor Woodrow, is asking the London Docklands Development Corporation for consent to go ahead with a new project comprising 103,000 sq ft of office space, apartments and an extension to the existing lock entrance.

Mr Stephen Goddenough, develcoment manager of St Katharine, commented: The project, which is

being financed completely by Tay-lor Woodrow's own resources, is expected to take 2½ years to complete and work will start in the autumn subject to planning permission."

The improvement work to London's only yacht haven will include extra marine storage, a yacht chandlery and improved on shore facili-

ties for visiting crews. Sir Robert McAlpine and Sons has won a £37m contract to build a nuclear waste encapsulation complex at Sellafield, Seascale, Cumbria, for British Nuclear Fuels. The contract could be worth as much as £40m if extra works are needed.

BASE LENDING RATES

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	Henry Ansbacher	111%	Johnson Matthey Bkrs.	111%
	Amro Bank	111%	Knowsley & Co. Ltd	12 Ý
	Associates Cap. Corp.	12 %	Lloyds Bank	1119
	Banco de Bilbao	1115	Edward Manson & Co.	124%
	Bank Hapoalim		Meghrai & Sons Ltd	11+W
	BCCI	1119	Midland Bank	1119
	Bank of Ireland	11196	Morgan Grenfell	1116
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THE MANAGEMENT PAGE: Small Business

JAPAN, like no other industrialised nation on earth, is a Japan nation of small businesses. A staggering 99.4 per cent of the small and medium-sized category, employing eight out of ten of all Japanese indus-

These companies provide the fuel and grease for Japan's successful industrial machine. More than twothirds of them are sub-contractors for Japan's multinational glants, providing the bits and pieces for the millions of products exported abroad. With their success, then, goes Japan's success. This fact is fully understood by Japan's government. Its small business policies are being increasingly studied by European governments in their attempts to support a sector which they see as having an important part to play in tackling unemployment. "Without injecting vitality into these small businesses, our overall economy is not vital. We take this for granted," says Hiroo Kineshita, the new director general of the Small and Medium Enterprise Agency

A supportive state

Carla Rapoport explains the small business role and relates a company's views on the benefits of government aid

Sitting in his huge office decorated with fresh flowers, Kinoshita adds after some reflection: "I think the Jananese economy is relatively better organised than ether economies. That's a major reason why we have such a large trade surplus with the West."

Trade surpluses aside, Japan's small- and mediumsized businesses are generously supported by government. Consider the

A company employing less than 300 people or with capital of less than Y100m (2300,000) pays a tax rate of less than Y8m, regardless of sales. (Normal corporation tax in Japan is 43.3 per cent.)

companies purchasing industrial robots, computer-controlled manufacturing or distribution equipment or other similar technology receive a special depreciation allowance in the first year of 30 per cent of the acquisition cost, or a similar-sized tax Small- and medium-size

companies can apply for low-cost loans for business expansion or improvement from three government-affiliated financial institutions set up solely to serve their needs. Last year, these three groups extended loans worth more than Y5,200bu. Similar incentives are available in most European countries, but on the whole they are less generous. "If they (small

high quality products," says Kinoshito, "then our finished products are no good." His bureau of 190 people spend most of their time formulating policy on the promotion of small businesses, which is then funnelled through to the appropriate policy-making bodies. The actual mechanics handled through local govern-ment officials, chamber of commerces and the three government-affiliated financial

Kinoshita admits, however, that one of the big advantages for Japanese small businesses is their ability to opt out of traditional Japanese business practices. Life-time employment is a luxury that only the big firms can afford. This means that part-time, female labour is a mainstay for the

cheaper and more disposable, making the companies able to quickly during lean

One area of small business support which is still developing in Japan is venture capi-tal. Kinoshita estimates that there are about 60 venture capital funds now in Japan, including a 22-year-old gov-ernment fund, the Small Business Investment Company. So far, it has ploughed Y58bn into 1,425 companies. Only 17 of these—one of which is profiled below-have made it to the Tokyo Stock Exchange, the point at which the fund cash in on its investment.

Not surprisingly, the fund only began to make money within the last two or three years. Still, Kinoshita adopts characteristically Japanese patience on the matter. "It takes time to build a business," he chides, pointing out that the failure rate of Japan's small businesses has been less than 1 per cent for the last ten years (a far better performance than in the UK). The future, he says, is promising: "Small busi-nesses offer the chance to become richer than a top execu tive at a big company. More

Research suggests enterprise agencies are over-stretched

BY WILLIAM DAWKINS

SCOTTISH research group has cast doubts on the recent predictions by David Trippier, the small firms' minister, that Britain's more than 200 enter-prise agencies will grow in number to 300 by the end of this

"Financial pressures may lead to a future rationalisation of agencies, perhaps with central agencies and satellite presences covering a county or a number of districts within a region," argues Derrick Johnstone, a based Planning Exchange. The group provides further evidence in its latest report of the "acute" funding difficulties

experienced by several of these private sector-backed organisa-tions which offer advice and ssistance for small businesses. Corporate sponsors and the De-partment of Trade and Industry see "their funding as pump-priming, limited in duration and leaving local authorities to fill the gap thereafter," writes John-

and would find it hard to take more apparent, says Johnstone. on extra work. Counselling would-be entrepreneurs takes 70

As a result, Johnstone warns: "Many . . . are concerned that they cannot devote enough time to following up the progress of clients, a process seen as potentially a very effective way of reducing the death rate of young busi-

The big challenge for the agencies, he suggests, is how to control the flow of new enquiries while at the same time assisting in the creation of the greatest possible number of new jobs. One solution might be to screen start-ups before giving them full advice, either by taking possible clients into groups and going over the pit-falls and rewards of selfstone, one of the story's eight authors, agencies' counselling styles to Moreover, many agencies' make the difficulties involved in starting a small business

Because there is no universally accepted definition of per cent of the average agency's advisory time, while just 30 per cent is devoted to advising established businesses, according to a recent survey by Business in the Community (BIC).

As a result, Johnstone sally accepted definition of what constitutes an enterprise agency, estimates of their numbers vary. The Department of Trade and Industry lists more than 265, which includes all organisations permitted to take managers on loan from large companies under a lax incentive which enables corporate sponsors to offset secondees' salaries against their own tax bills. BIC, using a stricter definition, estimates that there are just over 200

In any event, argues John-stone, "the stress must now be on the consoli-ation of their activities, rather than rapid expansion into new fields, with concentration placed on developing a more effective and professional business advisory service. *Enterprise Agencies and

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TMAGE

Big payback from a high flyer

own venture capital firm, the Business Investment Company, has bought stock in less than 1,500 companies over the past two decades, and only 17 of these have made it to the Tokyo Stock Exchange.

of the Ministry for Interna-

Last January, however, the SBIC had reason to pour out the sake. A 10.8 per cent stake in a scientific instruments company called Graphtec, bought with a total of Y100m over the years, turned into Y5bn overnight when Graphtee went public.

itself makes little of the Government's con-tribution to its success. Tax concessions, depreciation allowices and capital injections, as far as it is concerned, did not make much of a difference though it does admit that Mitti's involvement made it easier to get bank finance. Graphtee has grown and thrived on a diet of basic management and market-ing principles fed to it by an ex-manager of Matsushita Elec-tric Industries, one of the country's most respected firms and a world leader in consumer Its experiences

THE JAPANESE are no great assistance is important, it is no gamblers. The Government's recipe for success on its own. recipe for success on its own. Heaquartered on the top floor of a gleaming new building in south Tokyo, Graphtee still has the feel of the tiny venture it once was. The company's voluble president, Mitsuo Yamaguchi, unpretentiously hands around tomato sandwiches himself during a working lunch. He remains down to earth, despite the fact that his personal holding in Graphtec is now worth more than US\$10m.

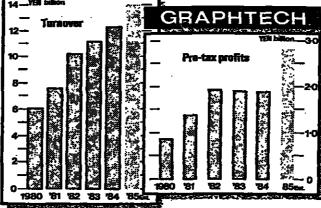
Graphtec was born, oddly enough, out of the trial in Japan in the early 1950s to determine whether Lady Chatterley's Lover was pornographic. Dr Kenji Watanabe, a noted elec trical engineer, was asked by the court to develop a machine which could determine if readers were stimulated psychologically or sexually by the book. This machine became the basis of Japan's first lie detector, which in turn became the first product of Watanabe Measuring Company, later renamed Graphtec. (Watanabe's machine, in fact, was the only winner at the trial. D. H.

Lawrence lost.) The young company soon show that while government gained a reputation for building

and plotters, used to measure physical reactions of all kinds, ranging from earthquakes, heart beats and lie detection. earthquakes, By 1975, the group had 250 employees, sales of Y1.5bn, but no visible profits. Now it has twice that many staff and annual sales of Y14bn, on which it expects to make a Y2.8bn profit this year.

Ten years ago, Yamaguchi was about to be put out to pasture by Matsushita where he had worked for 35 years. Not one for sitting still, Yamaguchi, then aged 58, was tempted by Watanabe's offer to join his small company as president.

Now he describes his first few weeks as if they were yesterday: When I entered this company, the management was totally bad, it had piles of stock, it was short of capital and the bankers wouldn't lend it money. Watanabe believed that if the company made good machines, they would sell. He was a scientist. On the other hand, I was taught by Konosuke Matsushita (the multinational's founder). I looked at this com-pany and said, this isn't a company, it is a group of technicians



working on their hobbles in a managers, who had to work on

He set to work with the guiding principle that techno-logy was no good if the customer didn't want to buy it. He stopped production and sent employees out to talk to cus-tomers. One of their complaints was that the ink from the machines was messy and dirty. Graphtec hit upon using the thermal technology then available for printing and created one of the world's first thermal printers,

He also made changes on the personnel front. Saturday work was abolished for all but senior

Saturdays until only a few years ago. He started inserting chatty letters about the business with everyone's pay cheques, and made up a company flag, badge and song. "You may think it's absurd, but a company, after all, is a group of people," he says.

At 68, the tanned chainsmoker shows no signs of slow-ing down. "Every year we can get 20 per cent more profits," he says. By AD 2000, he wants sales of Y200hn worldwide. It determination can linger after the man, Graphtec might just

In brief

A TWO-DAY course on the principles and practices of negotiating for subcouracts with Ministry of Defence suppliers is to be held in London on November 20-21. Organised by Crown Eagle Communications, the course vill cover practical issues including the ministry's small firms policy, contract conditions, pricing and payment and technical standards. Among the speakers are Geoffrey Bentley, quality assurance adviser to the Defence Manufacturers' Association, and Peter Breton, contracts executive for

The seminar will be held at the Selfridge Hotel, Orchard Street, London W1, and costs \$425.50. Details from Miss J. K. Van Wycks, Crown Eagle Communica-tions, Vernon House, Sicilian Avenue, London WCIA 2QT. Tel 01-242 4111.

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The one-day course costs £60 and will be held at Valley Lodge Hotel, Wilmslow. Details from Anita Crawshaw, Macclesfield low. Details from Anita Crawshaw, Macclesfield Business Ventures, Venture House, Cross Street, Maccles-field, SK11 7PG. Tel 0625

PUBLISHER Graham & Trotman has updated its hand-book, How to Start and Run Your Own Business, to include all provisions affecting small companies in the March The book covers subjects

Details from Andrew Ferguson, Unit B, 9 Humbolt Road, London W6 8QH. Tel ranging from investigating 01-381 4577.

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Apart from the financial contribution from the government of the
Yemen Arab Republic, financing is envisaged to be provided for
the Dhamar project, from the Worldbank, the Arab Fund for
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Apert from the fleancial contribution from the Government of The Yessen Arab Republic, fleancing is envisaged to be provided for the 1bb Project from the Monthalm and from the Government of the Pederal Republic of Germany through Kreditanstalt für Wiederaufbau. Hender decuments for the above Works will be available starling from September 1, 1985 at the order of the Mational Water and Sewerage Authority Sans's Y A R. Amaza Street or from Dorsch Consult, Hanasatrasse 20, D-8000 München 21 F.R.G., takes 62 12 862 dors d. against the payment of a non-refundable sum of DM 2,000 for each of the following sets of documents:

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ming with naked ambition

supported by the Japan Foun-dation, it has nonetheless been

candalously cold-shouldered by London managements nervous of the public's response to work of genuine quality.

of genuine quality.

The costumes and wigs, all stunning, are of traditional Japanese theatrical stock and the play is given complete and in the right order. Even the "English" scene is for once exciting. Mikijiro Hira's unforgettable heroic warrior strides terrifyingly to his doom with the swishing Samurai authority, blood-curdling glottal explosions

blood-curdling glottal explosions and murderous inhalations of

the great Oriental performer.

The Macbeth was in Edinburgh for three days. An equally big and deserved hit has

Perth production of A Wee Touch of Class at the Church Hill Theatre, moving across town to the Leith Theatre for

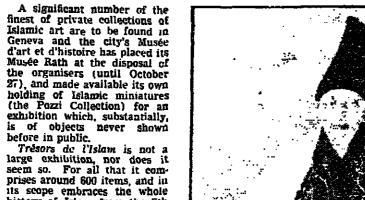
extra performances from tomor-

row. The biggest critical fallacy of the Festival has been

perpetrated by those who claim that Molière's Le Bourgeois Gentilhomme has been traduced

Islamic treasures and modern sculpture

William Packer



its scope embraces the whole history of Islam from the 7th to the mid-19th centuries, its full geographical extent, from Spain to central Asia, and its many practical disciplines. These last are here divided

into eight principal categories: the Book; Ceramics; Arms; Textiles and Carpets; Architecture; Metalwork; Coin; and the Decorative Arts in general.

Of itself, it is not the kind

of show that makes neat art historical points or follows close academic argument, although academic argument, although just such exegesis is generously available in the handsome and scholarly catalogue that Toby Falk has edited — published by Sotheby's/Philip Wilson in association with the Geneva Museum at £35 (SwFr 110) hardback its 600 illustrations all in colour. Bather it is a all in colour. Rather it is a celebration of the particular, the beautiful and the exquisite. Historical connections and

stylistic developments are there to be pointed, of course, espe-cially so with the Iranian and Mughal miniature paintings of the 16th and 17th centuries, as well as all coins, some 200 of them. But even then, it is the individual image or artefact that sticks in the mind, two camels biting at each other's legs, horses prancing through the rocks to escape Rustem, or

the lion stamped in the golden zodiac muhur.

There are the pots, with the influence of Chinese porcelain astonishing boldness and sim-plicity of the calligraphic together.



Portrait of Hajji Mirza Aqasi, chief minister of Muhammad Shah Qajar, wearing a white cloak over a coat of Kerman shawl, and holding a walking stick (Iran, dated 1262/1846). From the 'Treasures of Islam' exhibition

decoration of the very earliest piece — a plain shallow dish from Mesopotamia of the 9th or 10th century — or the unof place in the international ornamented refinement of the Kashan jugs and bowls of around 1200, or again the more complex floral dishes from Turkey some time before 1600

Most delightful of all, the towards Lausanne. little Mughal water maze sits the lion stamped in the golden little Mughal water maze sits by itself in the lower gallery, There are the pots, with the influence of Chinese porcelain an ever-present question but one which falls away in the face of their particular qualities, whether it is the different but equal rectilinear of the summer of the summer

down to the lake, gently at first across an open meadow dotted with trees, and then sharply down through woods to the rail-way, through a tunnel and so down to the water's edge. The sculptor thus has the widest choice, from wide and open spaces and extended vistas to sudden, close and private places in which to work, or set up his

the bouse at the top of the hill

Sculpture in the open hardly constitutes a revolution, and some of the artists here have simply brought their work to the show as a calculated imposition, knowing that with perhaps some minor formula dears. haps some minor formal adapta-tion a suitable site would be found and it would look well

The more introquing work and more successful in terms of this particular exhibition is that which makes it clear that Mahomet has come to the mountain, that the artist has responded to the particular sti-mulus of the given place to offer a work of art that could never be quite the same elsewhere.

In the thicket a large arrow pierces the trunk of a tree some ten feet above the ground (Ian Hamilton Finlay); a little further on and now some 80 feet up are chairs fixed to opposing tree trunks, bizarre growths (John Armleder); now down to a hidden stream and suited over the a hidden stream and quict, over-hung pool where floats a little wooden roft, with mast and flag (Merat Oppenheim). More fugi-tive still, 12 long, thin sticks, each bearing some 170 sun spots burnt in he a class are sest a piece as it is imaginative, and would not in the least be out of place in the international exhibition of modern sculpture which the Centre d'Art Contemporain has put on in the open air at the Parc Lullin at Genthod, some three miles from burnt in by a glass, are scat-tered among the natural debris around a low tree (Roger Ackling). We look up and there above the path beside the meadowalse look up and there over anging tree has been painted bright gold (Jakob Mattner). We look down, and forgotten tree stumps have been Geneva along the Route du Lac Promenades (until September cemented in and inscribed:
Modus Operandi (Joseph
Kosuth). At the next turn
through the wood a colossal figure of variegated marble, a sort of winged and giant troll, blocks our path (Michaelangelo order. Pistoletto). And that is The ground falls away from not even the half of it Pistoletto). And that is not all.

very well.

Edinburgh Festival drama

Michael Coveney



Paul Young and Rikki Fulton in 'A Wee Touch of Class' at the Church Hill Theatre

well into Scottish and Fulton way along Princes Street in the and Denise Coffey (who plays a scrofulous maid in closs from was shivering in a grass market Fife) have come up with the inspired idea of translating M Jourdan's parvenu aspirations to the Edinburgh of 1822, with Fulton playing Archibald Jenner, founder of the great store, anxious to put the figure in the burgeoning New Town salous and squares.

The king is staying at Dalkeith Castle and has mentioned Jenner in the bed chamber, so the gormless gull is naturally anxious to polish his act and to keep his vowels open. Fulton, a popular star in very nearly the same class as Ken Dodd, resembles Larry Grayson with the swept-back whiskery hair style of an ageing rocker. His pretentions are continuously sabotaged by his own innate and incorrigible vulgarity.

When dinner of "tatties and herring" is served to the Marchioness of Marchmont, the unfortunate odour moves

attic trying to complete Con-jessions of an English Opium Eater. The enthralling virtues and sheer intelligence of Andrew Dallmeyer's Opium Eater at the Scottish Centre in Shandwick Place have been unfortunately obscured in the same venue's hysterical promotion of what is now billed as "the Sensational Sean Mathias Season." If either of the

Mathles plays is half as good as Dallmeyer's I'd be pleasantly Neil Cunningham plays de Quincey, lifting the curtain on what he calls the miniature theatre of his mind to reveal those astonishing dream sceneries that, exactly 100 years before Freud, were transformed

into art. It is a performance of high physiological perception and corruscating wit and will therefore almost certainly not be joining the Sean Mathias plays in the West End later this autumn

shuddering obliterating plea-sures of laudanum consump-tion; the fearful drying-out process when the bottle is empty: the impulsive desperation of the hooked hack and degenerate genius. Stewart Preston lends admirable support as the writer's filthy messenger and ironically inspirational amanu-

Opium Eater is the sort of play that honours the Edin-burgh fringe and rescues it ourgn tringe and rescues if from the pervisive trendiness and cattle market of the Assembly Room. That said, the best type of Assembly Room's best type of Assembly Room's cabaret returns this week in the shape of The Flying Karamazov Brothers who made a great impact late night at the Royal Lyceum as part of the official programme. This hairsute Californian quintet of wise-cracking laid-back jugglers were a total delight; street theatre skills elevated to the level of a Zen discipline. They juggle anything thrown at them by the audience. On Saturday Gentilhomme has been traduced in this ebullient and hilarious production by Joan Knight. Same old Rikki Fulton stuff, then his shoes, then his specially shown and balderdash. Poppysock and balderdash. You wonder if any of these protectors of the cultural heritage have actually read any Molière has always gone unfortunate outou. Fulton to inspect his immediate vicinity, then his shoes, then his guests' shoes and finally, with the illuminated acknowledge at a green umbrena. In this autumn, be Quincey is buried just 200 stocking and a dubious look than the illuminated acknowledge at the 200th anniversary of his birth has been suitably the fourth wall, his fellow because the fourth wall, his fellow took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi birth has been suitably took the first of two strengths and the scraphic hipsi night they were lumbered with a green umbrella, a black silk stocking and a dubious looking haggis. These things were juggled and the scraphic hippies duly took the first of two standing ovation. They also rather exposed the old-hattedness of

BBC Philharmonic/Radio 3

David Murray

He was a tactful accompanist murder of Duncan, and then a for the Portuguese planist swift leap to the end of the Sequeira Costa in Chopin's F play. Downes drew the leading minor Concerto, but the works before and after it represented — they are much less that toons than their musical macheth of Strauss, analogues in most of the later — and kept the minor Concerto, but the works portraits with exact sympathy before and after it represented — they are much less like carfor searching out music at the edge of the repertoire, and Prokofiev's Symphony No. 4, for unshakeable loyalty to the ful and concise, nor its ingeni-Russian tradition. ful and concise, nor its ingeni-ously woven lines so strongly

play. Downes drew the leading tone poems — and kept the development taut. The piece does not often sound so purpose-

Moscow Chamber Orchestra/Elizabeth Hall

Dominic Gill

The Moscow Chamber capable, and as intensely dull, tively kills, and to which the Orchestra, it is safe to assume, as they ever were.

orchestra, it is sate to assume, were always such a dull orchestra because Rudolf Summer Music programme on Barshai for more than two decades was their exceedingly certo Grosso in D major—the led his band with almost mili-

decades was their exceedingly certo Grosso in D major—included conductor. After Barshai brawniest, most unrelenting left them some years ago, his performance imaginable, and place was eventually taken in evidently an exercise to 1983 by the violatist Victor demonstrate just how big, rich,

On Thursday the BBC Phil- clous, but they serve a quite is the most benusing of his nicely); sometimes, as particu-armonic shouldered its third definite dramatic plan: roughly, symphonies. It began from his larly in the first movement, from of the week, this time the gist of what happens to ballet The Prodigal Son, rethey are laid out one after harmonic shouldered its third definite dramatic plan: roughly, symphonies. It began from his larly in the first movement, prom of the week, this time the gist of what happens to conducted by Edward Downes. Macbeth and his lady up to the working old material with some another in undisguised sections. new for a Boston Symphony and nothing will make the commission, and the composer music sound honestly symhad a rush of second thoughts phonic. Energy and a convinced almost 20 years later. It attack are the best solutions. almost 20 years later. It attack are the best solutions, became much longer and rather more aggressive; but it still relies nakedly upon unbridled motor ostinati to keep it going, achieve tough unanimity—

In this performance the most between the control of the

In this performance the most blatant ostinati suddenly re-called Philip Glass, though of course Prokofiev's ostinati have

orchestra offered the coup de

led his band with almost military precision, and unmistakably

military charm, through a per-formance of Mozart's D major

The BBC engineers seemed to Russian tradition.

Macbeth, Strauss's first "tone poem," gained greatly from Downes' theatrical sense. Its symphonic means are precodisappeared in some passages. Sequeira Costa gave a cool, crisp account of the work: ornaments and other digital flights sharp-cut, always subordinate to the beat.

Model's paintings

The Barbican Art Gallery is to put on display some paint-ings by Vera Cunningham, who was the model for some of Matthew Smith's nude studies. It will be the first London showing of her work for over 20 years and will be shown alongside the work of three

place was eventually taken in 1983 by the violaist Victor demonstrate just how big, rich, formance of Mozart's D major demonstrate just how big, rich, formance of Mozart how violin concerto-formance of Mozart how violin concer

Only the English would mount opera in the open air at the end of August. Last Saturday's première of Iain Hamilton's Loncelot, commissioned by the Arundel Festival and staged in the Castle Tilting lowed his professed aim of Yard, played to the cream of paring the material down to bare essentials; narrative dinner-jacketed but soon swhed in tartan rugs; an unscheduled but hardly unpredictable 40-minute interval for rain and the superabundance of saturd vincing paragraphs—here, only the first-act finale builds. up a genuinely operatic head of steam. Mr Hamilton's potential as a composer for the stage will strongly, with Anne Williams to brings himself to work with a proper librettist.

The fine cast sang out strongly, with Anne Williams to brings himself to work with a proper librettist.

The performance with the first-act finale builds up a genuinely operatic head of steam. Mr Hamilton's potential as a composer for the stage will strongly, with Anne Williams to brings himself to work with a proper librettist.

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The fine cast sang out strongly, with Anne Williams to brings himself to work with a proper librettist.

The performance with the first-act finale builds. up a coolest of heads and clearest of the deats.

One's heart went out to the players, and to the singers who negotiated a tilted stage that—despite the ministrations of seven maids with seven squeejees—must still have been slippery, and dutifully mollocked in the wet grass as and when required.

The level of TV soap opera ("Rise Guinevere, love is not bound by statutes"). Most seriously, it leaves no time for the music to do anything other than accompany, and the lasting impression is of Dynasty in controlled. required.

Rodney Milnes

Lancelot/Arundel Castle

Only the English would were parallels of form, not vincing paragraphs—here, only ling the performance with the mount opera in the open air content.

the first-act finale builds up a coolest of heads and clearest of

scheduled but hardly unpredictable 40-minute interval for rain
during the first act meant that
the performance lasted until
well after 10.30, by which time
well after 10.30, by which time
the cold was arctic and the last
trains had long departed.

One's heart went out to the
players, and to the singers who

"Big Curievage level is not

showing of her work for over 20 years and will be shown alongside the work of three near contemporaries: Gwen John, Irish artist Roderic O'Conor, and Matthew Smith himself, including pictures of Vera Cunningham.

The exhibition runs from September 12 to November 3.

Trunk Hamilton's new opera, like This is sad, since although many of Mr Hamilton's musical destructive effect of romantic gestures come out of stock, it love on society in general, a sound stock in its late-subject on which one might have romantic, Walton-and-water thought Triston to have had the last word. Indeed, situations him time, his short-breathed parallel to Wagner's opera kept occurring, and could not help something coherent, his efficient musical sentences into con-

remarkable (every word was numbingly audible) as its stage space is intractable (even a running exit up two flights of steps takes a good minute). In the circumstances Aidan Lang's production was a model of resourcefulness. Chris Nance conducted brilliantly, control-

Buddy Holly at the Regal **Antony Thorncroft**

Buddy Holly at the Regal is ments of encroaching maturity. the misleading title of a musical play by Phil Woods, more accurately entitled Derck Duckworth at the Capri coffee bar. Buddy Holly (in the guise of Pikey Butler of the pop group Darts) is in attendance, but on a podium above the stage, where, with the Crickets, he belts out his hits in between vignettes of working-class life This is a New Vic production, borrowed by Greenwich, and will probably tour the country giving pleasure to many with its echoes of the 1950s—references to David Whitfield

belts out his hits in between cruelly vignettes of working-class life creep. In Hull, circa 1958, especially the growing pains of Duckworth, kipper packer by day, skivyy in a coffee bar by night. Buddy Holly is Duckworth's hero: he. too, had spectacles, spots and bad teeth but it did and All and store in him becaming a man All

nothing more than another the tangy dressing to what series of unrelated cameo would have been otherwise scenes about the embarrass- some uninspiring left-overs.

spots and bad teeth but it did not stop him becoming a pop star: why, he is playing the Regal in Hull that very month. Will Duckworth rise above his bleak future to capture the world? Will he — well?

The strength of Wood's play is that he has made Duckworth a sympathetic character, the genial clown who hides his boring life behind a facade of jokes. He is given a brilliant performance by David Thelwis, a wimp in the body of a stick insect.

The weakness is that this is nothing more than another

A new British film company

A new British film production company has been formed by producer Don Boyd with funding from Virgin Films. World Wide Visual Entertainment and the French-based Les Productions Belles-Rives.

Four films are planned by the grouping, the first of which.

Figure 1. Formula in the produced by David Puttnam, Jeremy Thomas and Michal Hamlyn. All are budgeted at under £2m each.

'Homage to Barcelona' at the Hayward

The Arts Council is mounting an exhibition of art and architecture in the city of Barcelona at the Hayward Callery from November 14 to February 16. It covers the period between the Universal Exhibition of 1888 to the outbreak of the Spanish Civil War.

There will be works by Picasso, Gaudi, Miro and Dali as well as Spanish architects such as Domenech, Puig i Cadafaich and Josep Lluis Sert.

Prepared in collaboration with Catalonia and Barcelona, the exhibition is sponsored by SEAT.

Territory. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.00 Bullseye. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Diary. 1.00 pm A Question of Faith. Farming Outlook. 1.30 Presenders. 5.30 Di



Arts Guide

NEW YORK New York Philharmonic: The 21st sea-

sew Yark Philharmonic: The 21st sea-son of free outdoor concerts in pub-lic parks include fireworks for Zn-hin Mehta conducting Beethoven, Bizet, Tchalkovsky and Puccini (Tue-in Prospect Park, Wed in Van Cort-landt Park and Wed in Seaside Park Bridsenort)

landt Park and Wed in Seaside Park, Bridgeport).

Tangiewood: Boston Symphony. Con-ductors, Seiji Ozawa and John Wil-liams: Tehaikovsky (Tue); Hakan Hagegard, baritone recital with pi-anist, Warren Jones, Schumann, Grieg, Sibelius, Stenhammer, Brahms (Thur). Lenox, Mass (4138371800).

TOKYO

The Salt Lake Mormon Tabernacie Choir: Fumonkan (Mon): Shinjuku Bunka Center (Tue). (4038011). Kiri te Kanawa: Handel, Mozart, R. Strauss, Gounod, Showa Women's College, Hitomi Memorial Hall. (Tue) (1031951-2770000)

(Tue). (293 1951; 237 9990).

Telko Machashi (violin): Beethoven,
Debussy, Saint-Saens, Yubin Chokin Hall (Wed). (2138591).

Roland Daugarell, violin with Mariko Horie, piano; Yuko Mori, violin, Frank, Ravel, Prokofiev, Komaba

LONDON

London Simiomietta conducted by Simon Rattle with Ronald Brautigam, piano. Gershwin, Copland, Ives and Bernstein. Royal Albert Hall (Mon). (5898212).

Eminerse. (Thur). (2656361).

Music

(4136371600).

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-pears each Friday.

Villa Lobos and others. Queen Elizabeth Hall (Mon). (9283191).

BBC Symphony Orchestra and Singers conducted by David Atherton. Stravinsky, Gerhard, and Bartok. Boyal Albert Hall (Tue).

Royal Philhamonic Orchestra conducted by Uri Segal with Vladimir Ashkenary, piano. Rossini, Beethoven and Rachmaninov. Barbican Hall (Tue). (6388891).

(Tue) (\$100001).

City of London Sinfonia conducted by Richard Hickox with Jill Gomez, soprano and John Williams, guitar. Vivaldi, Berlioz and Villa Lobos. Queen Elizabeth Hall (Wed).

Royal Liverpool Philharmonic Or-chestra conducted by Marek Ja-nowski with the Michael Thompson Horn Quartet, Wagner, Schumann, and Janacek. Royal Albert Hall (Wed).

(Wed).
Andrei Gavrilov, piano: Programme includes Bach and Scriabin. Queen Elizabeth Hall (Thur).

BBC Symphony Orchestra conducted by Sir Charles Groves with Jessya Norman, suprano. Wagner, Faure, Chausson and Brahms. Royal Albert Hall (Thur).

NETHERLANDS

Square). Organ recital by Bernard Jean Guillou, organ recital Bach (Wed Winsemius. De Grigny, Franck, Cuilmant (Thur).

Scheveningen, Circus Theatre. The Bank Muzifast 1985. Kenneth Mont-gomery conducting the Radio Cham-ber Orchestra, with vocalists Elly Ameling, Hilda Harris, Hans Peter Rocketts. Biochwitz, Rund van der Meer, and Han de Vries, oboe. Mass in G (Wed). St John Passion (Thur).

Control of Lorentz Control

Massiricht, various churches. The Eu-ro-Festival of Religious Music. Prat-tics Musica (Mon), Gesualdo Con-sort (Tue), Camerata Amstardam (Wed), The Amsterdam Baroque Or-chestra conducted by Ton Koopman (Thur), Lunchtime concerts by Ca-rilla Flamenca (Mon), Rondom pills Flamencs (Mon), Rondom Quartet (Tue), Limburg Vocal En-semble (Wed), the Aachen Junge Chor (Thur). (292222).

ier, Plaza Porticada, Paris Or-

chestra conducted by Daniel Baren-bolm: Bestboven and Ravel (Mon); Debussy, Boulez, Stravinsky (Tue). (210506).

PARIS

La Grande Ecurie et la Chambre du Roy conducted by Jazp Schroeder, Alain Zaepffel, counter-tenor, Yan-nick le Gaillard, harpsichord: Bach, Unick le Chambre, la C Handel, J.C. Bach (Mon. 8.30pm). Saint Severin Church.

Duo Picavet, Two pianos: One hour of variations (Tue û.30pm). Sorbonne, Amphitheatre Richelieu.

Concert of the International Haros

chord Contest finals with La Grande Ecurie et la Chambre du Roy (Thur 6.30pm). Radio France, Grand Anditorium.
All these concerts are part of the 20th Festival Estival de Paris (3549486, 5624080, 11am-7pm, Sunday Concerts)

Opera and Ballet

Santander, Plaza Porticada. New York City Ballet, starring Sean Avery, Merrill Ashley, Lourdes Lopez, Ju-dith Fugate, Melinda Roy, Peter Frame and Kipling Houston, in a bomage to Balanchine, choreogra-phy by Peter Martins (Wed, Thur). (210508).

August 23–29

NEW YORK

New York City Opera (NY State): The week features Andre Serban's new production of Norma, conducted by Richard Bonynge with Otivia Stapp in the title role and Robert Grayson in the due role and nonert Grayson as Pollione. Other performances in-clude Manon, conducted by José Serebrier, in Tito Capobianco's pro-duction last seen in 1980, as well as Turandot and Carmen, Lincoln Cen-ter (870 5580).

CHICAGO

Ravinia Festival (Murray Theatre): The Hubbard Street Dance Compa-ny, a local favourite, perform a week of mixed programmes from their varied repertoire as part of a special Festival of American Dance, High-land Park (7284542).

Shakti (Classical Indian dancer): The Raven, a piece combining classical Indian dance and creative dance. Shakti enjoys a high reputation in Asia. Yubin Chokin Hall (near Tokyo Prince Hotel). (Thur).

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Tuesday August 27 1985

Owners and supervisors

rescue of Johnson Matthey Bankers and the closure of New Cross Building Society it is hard to quarrel with the central proposal elaborated in consultative papers from the Bank of England and the Registrar of Friendly Societies last week that bank auditors should have closer working relations with the supervisory authorities. But the other recommendations of the two regulatory bodies raise awkward onestions

It is natural in the wake of financial scandals, that at-tention should focus primarily on the area of maximum political sensitivity: the protec-tion of depositors and failures of supervision, But something has also gone wrong with the traditional chain of accountability running from bank man-agement, via the auditor, to the shareholders when the Bank of snarenoiders when the Bank of England feels obliged to sug-gest that banks should take the elementary steps of appoint-ing a finance director and seting a mante threator and set-ting up an audit committee, while simultaneously seeking powers to secure the appoint-ment of a second firm of accountants to duplicate the work of a bank's own auditors.

Rudimentary

The implicit - and justified assumption in these papers is that reporting and control sys-tems are not what they might be. Indeed, the banks' own standards of public disclosure and internal management reporting have long been rudi-mentary by comparison with those of their clients in manufacturing industry. In a highly profits have at times been embarrassingly fat, commercial bankers have been brought up to think in terms of the profitability of the all-purpose branch, not of individual pro-

All this is now changing under the pressure of deregulation and tougher supervision. But could bank shareholders exerted more pressure for

Admittedly ownership in the banking sector confers more

profits. In the UK the discipweakened by the authorities opposition to foreign takeovers an increasingly anachronistic form of protection in view of the rapid internationalisation of the capital markets. It is questionable, too, whether institu-tional shareholders will ever be particularly effective chasers after productivity or second guessers of management strategy. To assume that share-holders could ever veto a takeover like that of Midland Bank for the troubled Crocker National of California is surely

unrealistic. Yet if there is any area where the institutions can exert effective pressure, it is precisely in relation to such things as standards of reporting, boardroom structure and audit committees. Had the institu-tional shareholders demanded better information on the sources of clearing banks profits—even basic information about the relative contribution of wholesale and retail busines done a service for management as well as for themselves. With the building societies

the issue of accountability is more difficult because of the wider spread of ownership and consequent cost of disclosure. The lack of sophistication of the average depositor-cumshareholder means that voting power is inadequately exer-cised. Even so, the Registrar's proposal to reduce the information given to members while asking for more confidential information for the Registry seems a step (albeit small) in

the wrong direction.

The ease with which depositors' rights in building societies, and more especially the Trustee Savings Bank, are now being eroded is a potentially worry ing precedent And it is a most point whether the Registrar of Friendly Societies has the resources to cope with the dramatic upheaval now under way in the building society movement. As the legal boundaries between banks and building societies are progressively dismantled, the case for limited rights than elsewhere merging their supervision to because of the inherent con-flict between the dictates of ing stronger.

Nuclear controls deserve support

parties to the world's most a non-signatory, France, all widely endorsed international having nuclear weapons, had parties to the world's most widely endorsed international treaty begin a month-long treview conference on progress towards its objectives. This is the Treaty on the Non-Proliferation of Nuclear Weapons, when they conting of Nuclear Weapons, when they conting of Nuclear Weapons, the control of Nuclear Weapons, when they contend to the world's most and the problem is that the widely endorsed international having nuclear weapons, had treaty begin a montily to maintain its scheduling is deliberately contend to maintain its country to maintain its objectives. This is there any point in the country to maintain its objectives. This is there any point in the problem is that the eration of Nuclear Weapons, when they contend to make even the most stoical international markets. By this uttimate objective in mind.

In the suitimate objective in mind. In the soort run, nowever, it agreement with the schort governments. Most the country to maintain its objectives, and the country to maintain its objectives. This is there any point in the country to maintain its objectives as an exercise designed to have an orderly relationship to have an orderly

five nations armed with them acceptance of safeguards gives today, in practice their sincerity the international inspectors sometimes leaves room for early experience of facilities doubt. Even those nations which can be expected to spread sometimes leaves room for doubt. Even those nations which, since the 1940s, have seemed most strongly in favour — namely the U.S., USSR and Britain, all nuclear states—often seem ambivalent when it comes to bringing real pressure to discourage indivi-

dual nations. Then there are the develop-ing nations known collectively as the Group of ??, although now more numerous, which take the broad view that, however important it may seem to the more affluent countries to control the spread of nuclear weapons, the weapon states themselves set a poor example. Under Article VI of the treaty the weapon states are pledged to bring the nuclear arms race

under control and reduce the size of their stockpiles. In 1995 the signatories of the NPT must decide whether the treaty should continue in force indefinitely, or whether it should merely be extended, or even abandoned. The last review conference, five years ago, ended in failure because of this conflict of interests between the signatories. The non-nuclear argued for less to be spent on "safeguards," the international inspection of civil nuclear faci-

The USSR earlier this month it was opening two of its civil the majority of non-nuclear nuclear facilities to interna-tional inspection under the manufacture nuclear weapons safeguards programme of the and accepted IAEA safeguards UN's International Atomic will end and the world would Energy Agency (IAEA). In return to a dangerous nuclear reality, two other NPT signa- free-for-all.

GENEVA today the 124 tories, Britain and the U.S., and

ally set at 25 years.

Although almost every nation pays lip service to the paramount importance of preventing further spread of the property of the paramount of the property of the paramount importance of preventing further spread of the paramount importance of preventing further spread of the property of the paramount importance of preventing further spread of the property of the paramount importance of preventing further spread of the property of the prop venting further spread of acknowledged leaders in nuclear weapons beyond the advanced nuclear technology,

> together with its plutonium fuel cycle is a good example. Britain, by giving the inspectors ready access to its Dounreay estab-lishment where fast reactor experience of this technology,
> But a more important reason
> politically may lie in the
> willingness of nuclear weapon

tion is crucial to any future arms control agreement. If any agreement on arms control is ever reached, it will need to be backed by effective verification procedures. In that respect the safeguards system of accounting for the proces-sing and movement of fissile materials into and out of civil nuclear facilities could prove an appropriate prolotype for controls on the manufacture and the dismantling of nuclear

Slanging match

lities to verify that their fissile materials are not being diverted into nuclear weapons. The savings should then be match between the superspent to help give poorer nations greater access to civil nuclear technology.

Five years on there is still the participating states must no solution to this disagreement. The ouestion is whether ever, that the current review conference will again turn into

If the Treaty is not extended made much of the fact that in 1995 the deal under which

widely.
The fast breeder reactor research and development is concentrated, provided safestates to surrender some sovereignty and submit to impartial inspection at all. The principle of impartial inspec-

There is a serious risk, howment. The question is whether open conflict between the two viewpoints can be avoided this time, perhaps by stressing the more positive aspects of the treaty so far. Treaty comes up for renewal in 10 years' time:

INTERNATIONAL DEBT

The warning lights flash again

By Peter Montagnon, Euromarkets Correspondent

Mexico is this week to sign in New York the second and final part of the largest international bank debt rescheduling ever.

Its signing on Thursday of a \$20.1bn pact covering the rescheduling public sector debt alling due up till 1990 will follow hard on the heels of signature today of a similar \$14bn agreement for Argentina, once one of the most recalcitrant, but now a model debtor.

But this positive development has now been overshadowed by esterday's surprise resignation of Sr Francisco Dornelles as Brazil's Finance Minister and Sr Antonio Carlos Lemgruber, the Central Bank Governor. Hopes in the banking com-munity that the Argentine and Mexican signing ceremonies could mark the beginning of the end of the developing country debt drama already begin to look like wishful thinking.

Two serious problems still confront those bankers and officials whose job it is to cope with Latin American debt. Para-doxically neither of them are directly concerned with the much-publicised decision of Peru's new President Alan Garcia to withhold debt service payments from international creditors or with the flam-buoyant exhortations of Cuban leader Fidel Castro that debtors should simply default

Instead the first priority now is to persuade a reluctant Brazil to come to terms with the Inter-

Priority is to persuade Brazil to come to terms with the IMF

national Monetary Fund so that its \$103bn foreign debt, the largest in Latin America, can be rescheduled. This has been made doubly difficult by yesterday's resignations. The second, and even more daunting task is that of steering all the borrowers safely into a future where, however bard they work at austerity, credit will not flow profusely from private markets

When the debt crists first broke in 1982 most bankers saw it principally as one of liquidity. All that was needed, they said, was a period of economic adjustment to restore order to the region's balance of payments and rebuild the confidence of creditors. After that the loans would start to flow again and the crisis would be over. All the measures taken so far have had this ultimate objective in mind.

LMOST three years to the deferring repayment of debi day after its spectacular falling due up till 1990 the financial crash of 1982, agreement removes at a stroke the hump of debt service repayments from the middle of this decade onwards that had been so worrying to potential lenders. In a speech in Cambridge earlier this summer Mr William Rhodes, the senior Citibank exe-cutive who chairs international bank debt negotiations with Mexico and several other countries, described this process "which could begin by year-end" of return to normal functhe third and final phase of the developing country debt crisis. Yet even as he spoke it was becoming apparent to many eco-

return to free market borrowing Particularly ominous in this respect are the latest figures from the Bank for International Settlements which showed that commercial bank loans outstanding to countries outside the main industrialised area fell during the first quarter of this year for the first time since records started.
"Any new voluntary extensions of short-term trade credit have been more than offset by

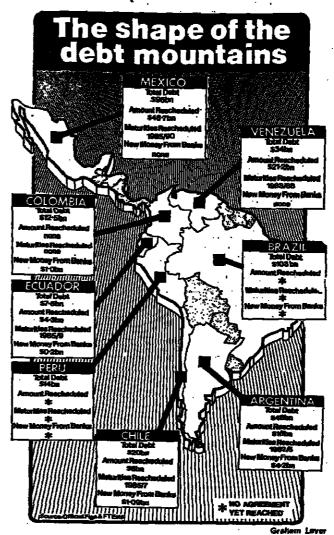
net repayments of existing loans. Banks have curtailed net new lending, even to developing countries that have avoided debt problems," says Morgan Guaranty's review "World Guaranty's review Financial Markets." According to Mr Geoffrey Bell, a New York-based econo-

mic consultant, this is doubly worrying insofar as the econo-mic environment should have favoured a revival of creditor confidence. The economic boom in the U.S. helped Latin Ameri-can exports surge to record levels last year, allowing a resumption of growth and a build-up of reserves in many debtor countries. But as the U.S. economy slows large financ-ing gaps could appear again, especially if interest rates cease to fail. "If we can't solve the debt problem when the world is growing, how can we solve it when the world is slowing down," says Mr Bell.

Mexico will provide the first major test of lender confidence in Latin America. Its new rescheduling agreement is not just designed to clear the way for a resumption of free market borrowing but is actually pre-dicated on the assumption that the market will shortly be open Mexico incorporated in the agreement assume, in other words, that it will be able to borrow new money over the

next few years.

Already the state-owned oil concern Pemex has begun soundings with Japanese banks for a small private placement in the Japanese bond market. Mexican officials expect to concentrate their new borrowing efforts initially on the bond market because throughout the debt crisis they have always



to provide funds in the sort of amount Mexico is now expected to need. One negative assess-ment has been made by the Economist's International Economic Appraisal Service which concludes that Mexico's external financing requirement could rise to as much as \$4bn by

the finance needed to cover the

Its problems do not, for the time being at least, concern the need to raise new loans from international banks. Despite an 8.2 per cent fall in ex-ports during the first half of this year compared with the same period of 1984 Brazil still exrise to as much as \$4bn by 1987.

"The commercial banks are unlikely to provide voluntarily the finance needed to cover the finance needed to cover the president's Economic Adviser when the president is a part of the president surface surplus of the president surplu financing requirement in viser who is rapidly assuming

Search for a more acceptable balance between austerity and the alleviation of poverty is the real issue of principle

would not be in a position to making, is categoric in his re-provide this level of finance. jection of any suggestion that All these factors point to a further rescheduling of debt becoming necessary in 1987," the Service concludes.

jection of any suggestion that Brazil might need a new money it; I don't want it," he says. But Brazil does need an

When rumour abounded that

market finance that could simply melt away in the event of a final rupture with the IMF. preventing the country from carrying on its normal day-today international business. Bank creditors also need an IMF agreement before they can implement proposals to extend the maturity of some \$45.3bn

in debt falling due up to the

end of 1991. The problem for Brazil thus lies in its relations with the IMF and here the outcome will be of interest for all major debtors. For there is a marked contrast between the atmos-phere surrounding Brazil's IMF negotiations and that prevailing in similar talks with Argentica. Though feelings about the IMF do run high in Brazil, the Government's approach has so far lacked the strident nationalist rhetoric and theatrical brinks-

bour.

There is less of a sense of urgency in Brazil's case as the country continues to pay all its interest on time and has the resources to do so at least for the rest of the year. That—and the rest of the year. Inst—and the accession of the new government means that Brazil's IMF negotiations have more the flavour of a genuine debate than those of many other countries. Brazil's negotiations may last a long time but the country will field "a group of technicians capable of matching the ability of the IMF," says the senior Latin American banker based in London.

manship of its southern neigh-

At issue between Brazil and At issue between Brazil and the IMF is mainly the question of the level of public spending. The IMF is particularly worried that, without strict budgetary control, inflation, currently around 220 per cent, will shoot up, jeopardising any recovery. Brazil's President Sarney wants, however to ensure a reasonable rate of economic growth which will allow an increase of living standards for the very poor. That leaves him with only limited room for budget cuts.

No one knows yet how this issue will be resolved, but one concern in the banking community is that lengthy negotia-tions will only strengthen the hand of those in the Brazilian administration such as Joao Sayad, the Planning Minister. who want a more expansionary economic policy.

In this context the question mark over Peru's \$14bn foreign debt and the sniping of Sr Castro pale into insignificance.
The Cuban leader's intervention
In the debt debate has been discounted by both leaders and
Latin Governments alike, mainly on the grounds that while Cuba urges default, it is also paying interest on its own \$3bn foreign debt and quietly rescheduling ments to commercial lenders.

It is also now clear that Peru's cision to limit its debt serBank creditors hope that in spite of incoming President Garcia's rejection of an IMF solution, he will draw up an solution, he will be susterity programme that can be endorsed post factum by the IMF, allowing, eventually, for an orderly rescheduling of the country's \$14bn foreign debt.

Dut if the amount of this debt

But if the amount of this deb at \$14bn is in any case too small for a default to put the world banking system at risk, there is no getting away from the fact that Sr Garcia has now spok the unspeakable. His is the first government openly to pursue a policy of limiting debt payments to a level it thinks it can alford. That fact will not have been lost on public opinion elsewhere in Latin America, and alongside the remonstrations of Sr Castro it can only encourage opposition parties in many countries in their resistance to IMF-imposed austerity. And that could make it harder for the IMF to

make it harder for the harder reach workable agreements with countries like Brazil.

One of the most certain facts about the debt crisis at the moment is that confidence in the international banking system cannot fully revive unless Brazil does have an agreement with the IMF. The present round of talks are make-orbreak ones in another respect

as well.
Throughout Latin America a
third year of crisis has provoked
increasing doubts over the IMF's
actual competence and its actual competence and its ability to prescribe the right medicine. Austerity is all well and good, the argument goes, so long as it produces results. But

A third year of crisis throughout the Latin American nations

with living standards still depressed and no real sign of a re-opening of the private loan markets it is hard even for such establishment figures as St esus Silva Herzog, Mexico's Finance Minister, to argue the case in favour of traditional

The search for a more accept able balance between austerity and the alleviation of povert is now emerging as the real underlying issue of principle in the talks between Brazil and the IMF. Because Brazil does not urgently need new money the talks can explore this issue in more depth than in mos other previous negotiations. That should eventually produce worse will set the seal on the vice to 10 per cent of export Latin America for a long tie e

Central bankers raft together

Bail us out, bail us out the cry went up and all eyes turned to a group of central bankers, Otmar Emminger, for-mer president of the West German Bundesbank, Shijuro Ogata, the deputy governor for international relations at the

international relations at the Bank of Japan, and the U.S. Federal Reserve Board governor, Henry Wallich.

But it was the intrepid Wallich, aged 71, who grabbed the bucket and did what central bankers have been doing best in recent years. He started bailing fast in a determined—and ultimately successful—effort to keep the seething waters of America's mighty Snake River at bay.

at bay.

Rafting down dangerous rivers in rubber dinghies is all the rage in America these days
—Gary Hart even took a well-Gary Hart even took a well-publicised trip down the Colorado in pursuit of the Democratic Party's Presidential nomination last year.

So it was not surprising that more than 40 of the economists and government officials attending a purpose on the deliance.

ing a conference on the dollar, which finished at the weekend. organised by the Ransas City Federal Reserve Bank, should jump at the chance to battle the



fore we know it."

Men and Matters

rapids of the Snake as it winds through the grandeur of the Grand Tetons national park in the Rockies.

Appropriately it was left to John Wilson, chief economist of the troubled Rank of the troubled

ing current.
Wilson disclosed later he was a trained U.S. Navy frogman.

Acid drops

Dr Bill Binns has mightly up-set the environmental lobby in Britain. His "crime" has been to fail to find any "acid rain" damage in his study of British trees for the Forestry Commis-

Friends of the Earth is counter-claiming that one of Britain's best-known trees has now fallen victim to the alleged scourge. The sufferer they say, is the old yew in the church-yard at Stoke Poges, Berkshire, beneath which Thomas Gray is said to have composed his Elegy Written in a Country

Churchyard.
The Friends shipped in Prolessor Bengt Nihlgard from
Sweden whose research
obligingly provided evidence
that British trees had suffered
damage.

Binns ripostes by saying: "Drought was the culprit."

For the moment the battle pauses there. But the lines have been drawn for a row which can be expected to run

Grand Tetons national paint the Rockies.

Appropriately it was left to John Wilson, chief economist of the troubled Bank of America, to demonstrate that disaster can be avoided if one keeps a cool head and is prepared.

Swept overboard as the raft through one narrow through one narrow was a year.

A new bull it the Delphic title La with the Delphic title La with great haste and determination by the federal government. TA Luft 85 will have the effect of cutting down "grime emissions" from West Germany's chimneys from 400,000 tonnes a year to 240,000 tonnes

tions against environmental dangers not yet even fully realised." explains the interior ministry. The basic principle under-lying them is said to be "the old one that prevention is better than cure."

Legislation against the un-known is to say the least, un-usual. Which is why the ministry can also claim, hand on heart, that the new rules "have no parallel in world legislation today." And by taking this step the West German authorities also conveniently side-step such vexatious issues as: Does "acid rain" actually exist, or is it simply the product of fertile imaginations? And, if it does exist, where does it come from? And does it damage

Ghost rider

Just a last tot of Bell's and a swallow of Guinness before closing the books on that epic bid battle. A minor mystery, still un-

explained, is the story of the Call from California. and run. It will almost certainly rumble on to become an issue in the next General the fact that his sympathies Election.

How differently they manage things in West Germany where they are influenced by a big

Miquel was to be rescued by a White Knight, Walker announced that a Californian firm had contacted him to find out the political situation in Scotland before bidding for Bell. While refusing all pleas to reveal the name of the company he explained he had given Miquel's telephone number, and developments might expected.

But the Californian White

Knight turned out to be a phantom which rode away into the Scottish mists never to be beard of again.

The moral might be that in a bid battle brokers and bankers can have a more tangible contri bution to make than politicians

New faces

Signs are that the forthcoming election of a deputy general secretary for the Transport and General Workers' Union is going to prove every bit as divert-ing as was the recent contest for the general secretaryship.

Joe Mills, who describes him-self as "the leading candidate" for the deputy's post, kicked off his campaign at the weekend by announcing a plan to increase Labour Party membership from 300,000 to more than 6m—at a stroke. Angered at Labour's "appalling" membership returns (the Tories boast more than 1m) the

Mills scheme is for every Labour-affiliated union simply to amend its rules so that its mem-bers would automatically be party members as well unless they contracted out in terms guaranteed to induce apoplexy at the Freedom Associ-ation, Mills says: "This could be done by dividing the full party membership fee by monthly or weekly figures and then add this amount to the normal union contribution." Hey, presto: 6m political levy payers become 6m

party members.
Mills, the TGWU's northern regional secretary and chairman of the Northern Region Labour Party admits his plan is "very radical." But not had for But not bad for

Observer

NEW INTEREST RATES FOR C&G INVESTORS

Effective from 1st September 1985

Cheltenham Gold Account	interest Paid	Net %	Compo Ann Rate	na)	Gross Equivalent CAR % ‡.
\$20,000 or more	Anmally	9.50	9.5	50	13.57
£500_£19,999	Annually	9.00	. 9.0	Ю	12.86
\$1-\$499 ·	Annually	7.00	7.00		10.00
Cheltenham Gold	1 1 1				
X20,000 OF IDOPE	Monthly	9.11	9.5	0	13.57
£5,000 <u> </u>	Monthly	8.65	9.00		12.86
Savings Builder Junior Account Deposit Account	Interest P Half Year Half Year Annual	rly dy	Net % 8.00 7.00 6.75	Equi	Gross valent % ‡ 11.43 10.00 9.64

The rate of interest paid on all other existing accounts on which composite rate tax is paid by the Society will be reduced by 1.25% from 1st September 1985.
Limited company and other deposits subject to basic rate tax will be reduced by 1.25%.

Rates may vary Maximum investment \$250,000. TWhen interest added to account, #Gross equivalent to basic

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Aparts exceed \$2500 million.

Scandals, computers and cartels The real fear in

"THE RUSSIANS are buying millions of tons of grain," said the hoarse voice with a strong foreign accent. "The market foreign accent. "The market will explode shortly."
"Who are you?" I asked.
"Are you sure? There's been

no rise in grain prices in Chicago."

"My name is John Smith, and I was recently with the Soviet grain buying delegation in the U.S.; they have been negotiating huge purchases of grain, I can assure you."
"Oh," I said doubtfully.

"Thank you very much, Mr Smith. "I'll check with market sources for confirmation." Then I talked to the editor Then I talked to the editor of a Kansas grain magazine who had been given a similar story by a John Smith purporting to be representing the Financial Times. Nowhere could I find any corroboration for Mr Smith's claims.

have been a marvellous scoophave been a marvellous scoopadvance warning of the great
Russian grain "robbery" in
1972 when the Soviet Union,
by playing off one grain company against another, bamboozled the U.S. Government
into subsidising the sale of its
entire grain stockpile at knockdown prices just before the
failure of the Russian harvest
brought a world shortage of brought a world shortage of grain and soaring markets. No more was heard of Mr Smith, although there were dark rumours that some Russians made a fortune buying Chicago grain futures just before the

Secret skulduggery, scandals and natural disasters are the meat and drink of the world commodity markets, where powerful interests control much of the international trade in vital raw materials and food-

But with hindsight, there have also been some farreaching changes over the past years, some of them not always apparent at the time.

 The collapse of the Bretton Woods monetary agreement bringing constant fluctuations in exchange rates. The surge of investment interest in raw materials and the futures markets. The dramatic rise, and then the gradual decline, of the most

powerful commodity of all—the Organisation of Petroleum Exporting Countries (Opec).

Technological changes which Technological changes which futures markets, has had an have tended to boost production ever greater influence on the of raw materials, but have at cost of basic raw materials the same time often slowed much to the frustration of proowth in demand. ducers, both in developed farmers to produce more, even Vast improvements in inter-

Why the future may not work The silver coup that failed Copper's 12 months of turmoil Line Co. Committee of the Co.

Thus I missed what would climatic news.

Take two recent examples. In the grain market a surplus of supplies has depressed dollar prices, bitting U.S. farmers hard. But the low prices have not stimulated demand in the way that might have been expected: when translated into other local "weak" currencies grain prices actually went up rather than down.

Similarly in the gold market, while the dollar price remained fairly static, the cost of gold in countries with weak currencies rose sharply, mining companies in South Africa reaped bumper profits in Rand terms.

The constant fluctuations in exchange rates have also undermined attempts by producers.
and international organisations
to stabilise commodity prices. Free market forces have

triumphed. Producers have learned the hard way that the real price of a commodity, at least in the short term, is not what it costs to produce but what someone is prepared to pay for it.

Inevitably this has meant that speculative investment, which is such an important part of the

national communications. The whole world now knows almost simultaneously of any important political, economic, or climatic news.

Crowing dominance of the dollar as the sole reserve currency for trading in virtually all commodity markets.

All of these factors have had a variety of repercussions but more importantly, they have undermined traditional supplydemand cycles.

Take two recent examples. In the grain market a surplus of

dustrialised world caught producers in a vice-like grip from which they have yet to escape. Costs of production have gone up, while demand has fallen. Debt problems are forcing many primary producers to step up exports in spite of falling prices, and a succession of good harvests have stilled fears of

subsequent recession in the in-

world shortages of raw materials and foodstuffs that so much pre-occupied commodity writers like me only a few years ago. The main problem now is dealing effectively with surpluses, finding ways to ensure that the grain stockpiles in rich countries is made available. able cheaply enough to people starving in developing countries. It is now clearer than ever that the rise in production has been outstripping the rise in

New technology, including the "green revolution" that helped boost grain yields sub-stantially, has helped boost output of virtually all agricultural crops, particularly in developing countries where there is still scope for further considerable expansion.

Protectionist policies throughout the world have encouraged

while even greater inroads have been made by substitute man-made materials; plastics, optic fibres and silicon chips. In the late 1960s base metal producers planned ahead confidently on

Ironically the Club of Rome's predicted date for the world reserves of mercury (quicksilver) being exhausted co-incided with a huge glut of supplies that brought prices crashing down. The pattern of mercury

consumption had totally changed. Cobalt, which soared in price during the late 1970s when there were fears of a 1979-80 by Texas billionaire, shortage of "strategic" minerals developing as part of a resources war replacing the cold war, provided another market. The story had everycold war, provided another market. The story had everycold war, provided another thing: identifiable "villains" and victims, and widespread repercussions. Huge sums of money were involved. There was

The "strategic metals" boom provided a field day for the unscrupulous get-rich quick jewellery. operators, who preyed on the ignorance and greed of

The present prolonged depression in the primary commodity markets, reflecting a planned ahead confidently on the assumption of annual growth rates in demand of between 5 and 8 per cent; now they are lucky if consumption rises by 1 to 2 per cent.

Intuiting passe supply-demand fundamentals, has effectively to repedeed the hopes of the developing world that it would use its dominance of raw material supplies to establish a new economic order. shift in basic supply-demand thing, the reverse has happened.

The growth of the futures exchanges, and the vogue for seeking protection against inflation by investing in raw materials with a basic intrinsic value, has focused attention on

price pressure, it was found that cobalt could be substituted a sharp rise in the cost of in many areas, where it had photographic film (the biggest previously been viewed as a outlet for silver consumption), vital, non-replaceable, material. but the public had the chance to eash in on silver holdings of the strategic metals "boom" all kinds from coins to antique

Equally dramatic, but over a kinerson: "The louder he longer period, was the rise in talked of his honour, the faster the price of gold from a fixed we counted our spoons."

level of \$35 an ounce in 1968 to a free peak of \$850 in 1980 and then back down to \$300.

There was the mining and metals boom in the late 1960s and early 1970. Who still remembers Poseidon, the nickel "wonder" share? President Carter's decision in 1980 to put an embargo on a large chunk of American grain sales to the Soviet Union, as a protest against the invasion of Afghanistan, changed the whole pattern of the international grain markets and had con-siderable political repercussions.

Looking back over the past 19 years, the main feature to leap out of the pages is the way in which the price "numbers" have changed. In June 1966, copper was rising high at £500 a tonne (now

it is very depressed at just over £1,000). Tin was £1,270 (now about £9,000). Coffee was £264 (it has recently collapsed to around £1,700 after reaching a peak of over £3,000). Sugar was £18.50 (£90) a tonne.

consumption of foodstuffs and raw materials has not expanded as fast as was previously expected. In many countries, faced with huge debts to pay. standards of living have declined.

The

Attitudes have changed, and improved communications have tended to help markets anticipate and discount supply-demand developments in advance.

Day-to-day fluctuations in prices tend these days to be controlled by the huge invest-ment and speculative interests attracted to commodity markets as a way of protecting them-selves against the devaluation of "paper" money either by inflation or currency changes. They are more interested in monetary developments, like interest rate changes, and computers and chart system are the new guiding forces in the futures exchange.

A former editor of the Financial Times once claimed that writing about commodities was easy. You had to remem-ber that what went up must come down, and vice versa. That still holds true. But I found even more useful to bear in mind, especially when dealing with promoters of commodity funds, charts and computer forecasting systems, an epigram attributed to Ralph Waldo Emerson: "The louder he

Lombard

the way of EMS

By Samuel Brittan

lesson that has been increasingly drawn from the unreliability of the monetary indicators and the gyrations and uncertainties of monetary policy over the past year, is that the best "intermediate" objective for monetary policy may be an exchange rate one. That being so, the EMS is regarded as the single and most comprehensible objective which would enjoy the widest support — and also the most practical way of lockthe widest support — and also the most practical way of lock-ing many otherwise "wet" politicians into support for fancial policies which do not accommodate inflation.

But before EMS supporters throw their hats into the air, they should note one frequently overlooked objection to early British membership. This is the difficulty of maintaining any reasonable sterling EMS parity during the bouts of speculation against sterling which are likely over the run-up to the next election over the next two or three years. Unless and until some way is found round this obstacle, government supporters of membership will hesitate before embarking on the formidable effort which will be required to overcome the instinctive reluctance of the Prime reluctance of Minister to join.

There is nothing particularly tendentious in supposing that the prospect of a Labour Government could hit sterling fairly hard.

A subtlety, not always realised, is that Labour does not need to retain its present poil lead for a pre-election run on sterling. Even if there were a strong recovery in Conserva-tive prospects, the temptation to move funds out of the control of the British Government before an election "just in case" would be very strong. After all, they could always be moved back afterwards if the Conservatives won, or if a non-Conservative government turned out not so bad as the

political capital out of the fact. able.

THERE IS more support than generally realised inside the British Government, and even in the Treasury, for British membership of the exchange rate mechanism of the European Monetary System. A lesson that has been increasingly drawn from the unreliability of the monetary

The problem would still be there outside the EMS. On the principle of spreading the pressure, the Treasury's inclination would be to allow some fall in the exchange rate and some increase in interest rates.

This is hardly an inviting preelection prospect. But it is less bad than having to take all the pressure on interest rates which might be subject to really swingeing increases if the humiliation of one or more EMS devaluations in the run-up to the election is to be avoided.

Supporters of the EMS who think they know a way around this problem should write not to me, but either "To the Editor" or the Chancellor or one of the Treasury's knights, all of whom have a larger staff than I can hope to command.

My own view is that the Government could usefully be much more open about its ex-change rate objectives without joining the EMS. But if it does want to join, its best bet might be some understanding "behind the Speaker's chair" with the one political group long committed to the EMS, namely the Alliance The Alliance might not Alliance, The Alliance might not share the Government's judg-ment about the exact parity at which to Join, yet I doubt if in practice the difference would be large. Although anything can happen under the bizarre UK electoral system, it is rather unlikely that Labour would have enough seats to overthrow a Conservative-Alliance front on the issue, whoever formed the government.

No doubt there will in any event be "responsible" speeches on sterling by Roy Hattersley and even Neil Kinnock. But without some Alliance-Conservative under-standing—which would not pre-vent the two groups battering market feared.

Obviously the Conservatives issues — the pre-election preswould try to blame Labour for such a run on sterling and make still turn out to be insurmount-

The rating system From Mr C. Watkinson

Sir,—Your leader "Tread warily on rates" (August 19) implies that many Conserva-tives, including Ministers, be-lieve that "since rates cannot be put on a rational basis, they should be abolished." But it is far from being the case that a rating system cannot be natural and rational. It should satisfy three basic requirements. It should be just; it should be practical; and the effects should be beneficial to the community. The conclud-ing suggestion in your leader, ing suggestion in your leader,
"a property tax" answers these
requirements, and I would define it more precisely as a site
value tax such as is already in
operation in various parts of
the world, including Pennsylvania, U.S., South Artica, New

Zealand, Australia, etc.
Site value rating exempts
buildings and improvements,
and assesses the value of the
site alone. It is based upon
recognition of the essential difforence between values created recognition of the essential dif-ference between values created by the community as a whole, and values created by indivi-duals. Take my own house as an example. Its present value stems from its being well maintained, and from improvements made to it by myself. This is an individually created value. But the value of the site is a different matter. It is a situation value, a community created value. We are well served by public transport. We have several schools nearby. A children's hospital is within five minutes walk, and a general hospital within five minutes by hospital within five minutes by car. Behind the house is a hospital within five minutes by car. Behind the house is a school sports ground, and beyond that, a golf club. I, as an owner occupier, enjoy the benefits of these facilities, and, if I wished to do so, could realise them in cash by renting or selling the property. Now—I did not put the schools there, nor the golf club, nor did I provide the bus services. The community as a whole provided these services which make my these services which make my site valuable. Is it not, therefore, right and proper that I should pay to the community according to those values created by the community, and NOT according to values NOT according to values created by me? The survey made by the Rat-

ing and Valuation Association in 1963, and the revaluation made in 1973 at Whitstable. made in 1973 at Whitstable, demonstrate that site value rat-ing is entirely practicable. Land value maps can be printed and circulated so that assessments can be compared, and justice seen to be done.

Because buildings and improvements would not be assessed, owners would be encouraged to improve their property, and not be penalised as if they were criminals, as is the case under the present system, and this is to the benefit to the factor of interest in the factor are always lost when dirty vegetables, especially carrots are soaked and scrubbed prior to selling them pre-packed.

Private individuals are free to the population of the pop

Letters to the Editor

of the neighbourhood as a paid out £1,000 and his income whole. | tax bill would have been £300 Surely site value rating is rational in every way. It is just, practical, and generally bene-ficial, and there is no reason why it should not be introduced as soon as possible.

C. W. F. Watkinson. 121 Leyfield Road,

Currency options

From the Chief Dealer, Options, Barclays Bank.

Sir,—Mrs C. Furse (August 19) makes the sweeping state-ment that "Quite simply over the counter options are con-siderably more expensive than exchange traded options." From this doubtful premise she goes on to favour exchange traded options over OTC options.

options over OTC options.

In my experience OTC options have, in the majority of cases, proved to be cheaper than exchange traded options especially after including the high brokerage charges involved.

It seems to me that individuals and corporations leaking for a genuine before for

looking for a genuine hedge for their currency exposure are much happier with the more precise cover offered by OTC options. Exchange traded options. Exchange traded options may in some cases be more attractive to the professional trader in settlements. sional trader in options who can manage his margin require-ments, or even to the pure speculator but they are not necessarily cheaper even to this specialist group.

S. K. Marloumian, 29 Gracechurch Street. E.C.S.

Mortgage interest relief

From Margaret Wilkinson Sir.—One of your corresponsir.—One of your correspondents of August 21 (1 have lost the paper and his name) concludes that the Government loses no revenue from the existence of mortgage interest tax relief because the tax reduction he receives means that he spends more hence incomes he spends more, hence incomes elsewhere are higher, hence the Government receives tax on these incomes. This I think was his argument.

was his argument.

Let us for simplicity assume that he has a small endowment mortgage of £10,000 and that the rate of interest is 10 per cent, the gross interest he owee

less than otherwise (assuming that he is a basic rate taxpayer). Since MRAS he pays only £700 and his building society receives £300 from the Treasury.

ceives £300 from the Treasury. (Money is actually paid out from the public sector to the building society, this "tax expenditure" seems like a direct subsidy to me.)

In either case he is £300 better off in the year. Let us assume that he spends all this on goods and services. He may, for example buy a Januese TV.

on goods and services. He may, for example, buy a Japanese TV, the Government will receive VAT but most of the money will go out of the country. Or suppose he employs someone to help in his garden: even if his employee is honest and declares this income, he could be below the tax threshold and in any case would not pay 100 in any case would not pay 100 per cent tax.

It is clear that the Government does not recoup the revenue lost because of the exis-tence of mortgage interest tax relief. Much of the tax savings are spent in the private sector

7, Moor Drive, Leeds.

Flavour buds at work

From Shirley Anderson. Sir,—John Cherrington (Aug. 20) states that there is no evidence to support the idea that organically grown produce is more nutrious or better tasting, than that produced under inten-

sive modern systems.

As an organic gardener, may
I offer some observations as to
why organic gardeners and nonorganic farmers are always in disagreement upon this point? Nearly everyone who owns a

Nearly everyone who owns a vegetable plot possesses a compost heap, not necessarily because they garden organically, but just in preference to burning weeds, and eventually compost will be incorporated into the soil.

Any freshly picked vegetable will have a higher nutritional content and better flavour than one which has been picked, crated, transported and left lying in a shop for several hours.

flavour. Commercial farmers plant FI varieties because they offer maximum return on investment and conform to what vegetables should look

I do believe that compost has a beneficial effect on soil and commercial farmers have nothing to lose by adding some to their land. Organic however does not necessarily mean superior. I have seen health food shops selling vegetables in such a diseased and deteriorating condition that I wouldn't even consider them fit for the compost heap.

Shirley E. Anderson, 34 Davey Drive, Hollingdean,

Basket of goodies From Mr K. Bryan

Sir,—Sad to say, Guy de Jonquiere's High-tech-speak Lombard column (August 22) will probably spread the infec-tion. Lost-for-words information technology men will find this basket of goodies irresistible.

Kenneth Bryan. Hemp Bottom, New Ground, Wiggington, Tring, Heris,

Targeting the audience From Mr N. Jeffery

Sir,—I refer to your own promotional advertisement in your paper (August 20) and would seek enlightenment on would seek enlightenment on how your target audience (defined in the ad as those taking "the FT on. say, a Thursday... or a Friday and ignoring the rest of the week") can possibly be expected to be reached on a Tuesday? Does the fect that a similar advertise-ment did not appear in Wednes-day's FT indicate wisdom after day's FT indicate wisdom after the Tuesday event? For your interest and com-fort we take two copies of your

paper daily. N. T. Jeffery. B & R Carpet Company. 104-106 Burghley Road, NW5.

A daily

From Susan Hunter Sir,—I refer to your own advertisement in the edition of (August 20).
If you need to boost your cir-

culation may I remind you that 51 per cent of the population are women. I am not a once-a-week man but an FT six-timesThis announcement appears as a matter of record only.



C.T.S.B. Leasing Limited £100,000,000

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Central Trustee Savings Bank Limited

S.G. Warburg & Co. Ltd.

Algemene Bank Nederland N.V.

Standard Chartered Bank

Banque Belge Limited

The Chuo Trust and Banking Company, Limited The Daiwa Bank, Limited

The Taiyo Kobe Bank, Limited

Algemene Bank Nederland N.V.

The Sumitomo Bank, Limited

Banco di Roma

The Mitsubishi Bank, Limited The Mitsui Trust and Banking Company, Limited

The Industrial Bank of Japan, Limited

Crédit Agricole

Banco di Roma

The Dai-Ichi Kangyo Bank, Limited Dresdner Bank Äktiengesellschaft

The Mitsui Bank, Limited

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Lazard Brothers & Co., Limited The Mitsui Trust and Banking Company, Limited The Sanwa Bank, Limited The Taiyo Kobe Bank, Limited

The Dai-Ichi Kangyo Bank, Limited

Tender Panel Agent S.G. Warburg & Co. Ltd.

Yorkshire Bank PLC

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August, 1985

A P Bank Limited

The Daiwa Bank, Limited

The Mitsubishi Bank, Limited

Standard Chartered Bank

N M Rothschild & Sons Limited

The Fuji Bank, Limited

Crédit Agricole

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FINANCIAL TIMES

Tuesday August 27 1985



for SCM rejected

SCM Corporation, the New Yorkbased conglomerate, has firmly rejected the \$745m bid from Hanson Trust, the UK group, but has indi-cated that it is up for sale at the

right price.
SCM shares jumped by another \$2% to \$66 early yesterday after the company's weekend announcement that Hanson Trust's \$60-a-share cash offer was "inadequate and is not in the best interests of the company or its stockholders."

The board of SCM believes there could be a much better deal for its stockholders, employees and all the other members of the SCM family the company said in a brief state ment from its headquarters on New York's Park Avenue. The SCM board has instructed management to work with Goldman Sachs its investment banker, to explore alternative transactions to seek to maximise value to SCM shareholders.

Among the possibilities being considered is a management-led leveraged buyout of the company, which at current share prices i worth around \$850m. Before Hanson made its bid on Wednesday, SCM shares were trading at \$55.

Hanson Trust began its cash ten der offer yesterday but Wall Street analysts noted that the British company would have to raise its offer SCM, profits and cash flow of which are poised to rebound strongly over the next few years.

Hanson Trust gave no indication yesterday of its future intentions towards SCM. Mr Chris Gunter, a Hanson official, said: "Our offer is on the table and speaks nor itself." Neither Lord Hanson for Sir Gordon White, head of Hanson's U.S. operations, have yet met SCM's chairman, Mr Paul Elicker, despite

having requested a meeting.

Although SCM's recent financial performance has been disappointing, several Wall Street analysts argue that the company is poised to improve its profitability sharply and that might mean that Hanson might have to offer over \$70 a share if it wishes to win the day.

Mr Ernest Kiehne, the senior investment officer of Baltimore-based Legg Mason, said yesterday that he thought that SCM would earn be-tween \$6.50 and \$7 a share in the current financial year and that would rise to \$7.50 to \$8 a share in

He said the company's revenues might top \$3bn and it might be earning \$10 a share in three years' time. He noted that it had a very strong cash flow, and its technology in its important titanium dioxide business, where it is the third biggest producer in the world, was among the most advanced in the world after Du Pont.

Black miners' strike looms in S. Africa Continued from Page 1

report of the Reserve Bank, published this week, shows that foreign investors made net sales of securities totalling R236m (\$95m) in the second quarter of the year, reversing the trend of the previous nine months when they had been net

Although no official figures are available since the end of June, Johannesburg stockbrokers estimate that the net outflow exceeded R100m in the week after the declaration of the emergency and has

However, total long and shortterm capital outflows in the second quarter fell sharply to R9m from R2.45bn in the first quarter, the Reserve Bank said.

The bank's report for the year ended June 1985 says that the current account balance of payments
moved to a surplus of R5.4bn in the
cit of R2bn in the corresponding pelife cit of counter-intengence in 1878.

The arrest on Sunday of Frau
Hocke, secretary to the chief of one
of the divisions in the Office of the

World Weather

Reagan ready to block curbs on shoe imports

Commission to curb shoe imports into the U.S., a decision seen in Washington as a key indicator of how the White House intends to respond to the protectionist bandwagon which is expected to gather pace in Congress in the autumn.

But in a bid to head off the politi-

cal criticism, which his decision on shoe imports will inevitably provoke, the White House is hinting that the review of trade policy, now under way within the Administration, will result in a decision to take gher stance in enforcing U.S. trade laws. Questioned about U.S. trade poli-

cy yesterday White House Spokes-man Mr Larry Speakes said: "The

certainly be taking a close look at those countries and those cases in which unfair trade practices are used to harm U.S. industries. We will look at it closely and be pre-pared to take steps in those areas." He emphasised that no detailed consideration had yet been given to what actions the Administration

among the countries affected by any curb on shoe imports.

Mr Speakes said that the President's decision on shoe imports might come as early as Wednesday and certainly by Thursday in order to meet the legal deadline, which calls for publication of the ruling on

PRESIDENT RONALD Reagan is President has always coupled free Friday. Trade officials said that poised to reject the recommendativade with fair trade and we will Congress could overrule the President dent by a majority vote but that such a vote could be vetoed by the overrule the veto by a two-thirds

Democratic Party political strate-gists are already preparing to make trade a central political battlefield over the next year and the shoe decision is the first White House decision they are taking aim at.

President Reagan's radio broadcast on Saturday, Senator James Sasser see said that if the President failed to curb shoe imports "he will in effect be declaring unila-teral disarmament in the intensity-

UK Treasury plans £4bn cuts to offset extra cash demands

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE UK Treasury has completed ever, the formal series of bilateral plans for about £4bn (\$5.56bn) of public-sector economies for next veer, to offset demands for extra cash from spending departments.

Some of the bids will be contested, but the Treasury acknowledges spending negotiations, is wi that in many, cases the extra hills pected to be replaced then. will have to be paid. They arise, for Whoever is in charge, m example, from higher-than expect-ed inflation, rising unemployment or demand for health care.

A series of tough negotiations with spending ministers is now expected, but at the end of it the Trea- ple of years. sury believes it will be able to hit original planning target of £139bn for 1986-87.

before a final decision in Cabinet in

start until after the Cabinet reshuffle expected early next month. Mr Peter Rees, the Treasury Chief Secretary and the linchpin of the spending negotiations, is widely ex-

Whoever is in charge, ministers are certain to be told that there is no room for any slippage from next year's spending total if they want to he able to offer the electorate worthwhile tax cuts in the next cou-

Next year, for example, government oil revenues are likely to fall off sharply from the £13%bn that However, it is almost certain that the Treasury predicted for 1985-86 the unresolved disputes between at the time of the budget. The rise the Treasury and spending ministers will have to be referred to a "star chamber" of senior ministers cuts pencilled in for 1986-87.

However, the Treasury starts this year's spending negotiations with deal with that and other overruns, cobn in hand from a reserve that is and ministers are reasonably confi-

set the reserve for the current year at only half that amount, although it was later increased in the budget.
Some of the increased spending bids may be paid straight out of the reserve, but the Treasury will be auxious to keep about 25bn of it in-

Some spending departments, in-cluding Defence, will probably be told to try to make economies next will be some money available if they are genuinely unable to do so. The effect of the miners' strike, which pushed last year's borrowing more than £3bn over its target, is

year's total, although ministers have yet to decide how much extra nationalised industries will be allowed to borrow. Nevertheless, this year's £5bn re serve is expected to be adequate to

likely to add about £500m to this

Informal agreement has already 55bn in hand from a reserve that is and ministers are reasonably counteen reached by officials about far larger than in previous years, dent that this year's borrowing ways of squeezing out some of the The last public-spending White Pataget of £7bn can be met. The excess from the total. However, per (policy document), in February, Background, Page 4

AEG raises stake in Olympia equipment subsidiary to 99%

BY JONATHAN CARR IN FRANKFURT

The move is thought to reflect

AEG said it had acquired 48 per cent of the Olympia stock held by the Gesellschaft für Elektrowerte, a consortium of the Bosch electricals concern and three banks. One bank retains a 1 per cent stake.

AEG, the West German encurred concern, has resumed virtually full cent share three years ago was countered on Olympia, its office AEG was struggling against the mounting debt burden that finally The consortium took its 49 per cent share three years ago when g per cent to DM 700m. forced it to seek court protection from its creditors.

AEG is back in the black, produdition and its belief that Olympia is firmly on the road to profit after years in the red.

AEG is back in the black, produdition and its belief that Olympia is cing an operating profit last year of DM 100m (\$36.2m) on world sales roughly stable at DM 11bn.

AEG is back in the black, produding the AEG group, the subsidiary will be back in profit in the next year or two.

months of this year, on sales up by

ship team installed at Olympia and with products that complement those manufactured elsewhere in

Olympia was one AEG division atill in the red in 1984, with a loss in the world group of DM 70m and one

AEG gives no details of the financing involved in its acquisition of the 48 per cent state, but it says the world group of DM 70m and one of the 48 per cent stake, but it says of DM 53m in the parent company.

But it is understood that the losses in the communications company, have been cut in the first seven Telenorms, as part of the deal

More spy suspects in Bonn

Continued from Page 1 Herr Tiedge was West Germany's

most senior active counter-intelli-gence official. He would possess detailed knowledge of most of Bonn's efforts to counter espionage in West Germany and, according to one offi-cial in Bonn, a "catastrophic" amount of information on Western operations in East Germany.

Hopes that he may only recently have decided to defect were further dulled yesterday when the Interior Ministry announced that, after starting work in counter-intelli-gence in 1966, he protested loudly when transferred to another branch of the intelligence service in 1976. He complained until being moved back to counter-intelligence in 1879. of panic through the Government.

fection came after three other defections those of Fran Sonja Luene-berg, chief secretary for 12 years to Herr Martin Bangemann, the Economics Minister, Fran Ursula Richard cocasions that Herr Tiedge's alco-occasions that Herr Tiedge's immediate boss in continue, but this agree-ment, which includes a commit-ment to keep \$16bn in short-term occasions that Herr Tiedge's alco-occasions that Herr Tiedge's alco-occa ter, a bookkeeper to a powerful holism was becoming a security not yet been endorsed by all right-wing political lobby in Bonn threat.

to sell TV units to Viacom for \$500m

WARNER Communications, the U.S. entertainments group, has agreed to sell a package of its televi-sion interests, including its stake in the MTV music video company, to Viacom International, a leading

U.S. cable TV operator. The deal will give Warner \$500n n cash, with warrants that would allow Warner the option to buy up to 22m shares in Viacom, amoun ing to about 12 per cent of the cable group's equity. Also included in the purchase price is Warner's 31 per cent interest in Showtime - the Movie Channel, which owns two

owned by Warner Amer, the cable television group held jointly by Warner Communications and the American Express financial services group. Warner recently reached agreement to purchase the half share in Warner Amex that it does not already own, thus opening up the way to the disposal of the

Until last week, the front runne in talks over MTV appeared to be Forstmann Little, which had proposed to take MTV private in a buystmann withdrew its offer last week, however, apparently because it wanted complete control of MTV whereas Warner wanted the option

Viacom said yesterday that it was also proposing to acquire the one-third interest in MTV networks currently held by the public at a cash se price of \$33.50 a share. were obtained

Warner's share options in Viacom are exercisable at \$70 a share for 1.6m shares, and \$75 a share for 625,000 shares. Viacom's shares closed at \$50% on Friday.

Brazilian finance chiefs quit

Continued from Page 1

banks as soon as possible, they found their way constantly blocked by the Planning Ministry's reluctance to compromise growth by making deep cuts in public spend-

Minister staying in his post.
Privately, leading Brazilian and foreign industrialists had expressed their fears in recent days that the departure of Sr Dornelles and his ideological ally, Sr Roberto Gusmao, the Industry and Commerce Minister, would send the inflation rate soaring again. After declining modestly over the past few months, monthly inflation is expected to be

back in double figures this month. Sr Dornelles, aged 50, is the ne-phew of the late Sr Tancredo Neves, Brazil's President-elect who died before he could take office. A tax specialist, he was appointed by his uncle as the "sheriff" of the economy to clean up the disarray left by the former military government

Warner

By Terry Dodsworth in New York

pay-television services.

The agreement brings to an end a series of complicated negotiations over MIV, which is two-thirds

deal with the IMF and creditor

Watching from the sidelines, the business and banking community had pinned its hopes for a decline in inflation, currently running at 220 per cent a year, on the Finance

Peter Montagnon in London

THE LEX COLUMN

When trust is not enough

This year investment trusts have had a lot going against them; ster-ling's strength and the disappointing performance of many overseas markets have meant that the sector has underperformed the All-Share Index by 7 per cent. Yet the average discount to net assets of investment trust shares has narrowed to its lowest in about ten years.

The apparent paradox is resolved by a glance at the frenetic activity within the sector; five bids are now being ousted and several trusts are restructuring or unitising them-selves. The sector is now crawling with speculators, hoping to buy into a trust at 70 or 80 per cent of asset value and to be taken out at 100 per ent. These short-term shareholders are extremely happy to be the subject of a bid. But others, whose

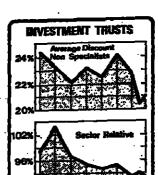
holdings date back 15 or 20 years and have amassed punishing capi-tal gains tax (CGT) liabilities, are not quite so thrilled.

Takeovers

The activity has been building up in the last few years, almost exactly mirroring the changes taking place in the City. The 2½-day-a week investment trust manager who made his investment decisions on Gleneagles golf course has been finding it harder to count on the support of his institutional friends. Now that the performance of pension funds and insurance companies is under greater scrutiny, they cannot afford to watch their investment trust

Some institutional shareholders have taken trusts over themselves: others have brought in bidders, or forced management changes or unitisation on sleepy trusts. Only in such a cosy sector could companies standing at a discount of up to 40 per cent of the value of their extremely liquid assets have survived

over is waking up managements, it must be good for shareholders. Trusts the size of which has bred complacency have been forced to realise that they are no longer immune, particularly when rich U.S. investment companies are looking for cheap assets to give them a toe hold in international fund management. And the fact that some capac-



narrow the discounts still further. If all the current deals go ahead, the sector would shrink by up to Elbn

There is, however, some resent-ment among shareholders, particu-larly when - like Murray Growth, the most recent example - their trusts have been perfectly well managed and are just being raided for their high-quality assets. Gross funds and individuals who are not liable to CGT are almost always better off, since they are being of-fered a substantial premium to the

But net funds and CGT-paying individuals can find that their tax bill is higher than their profit. When, as with Murray Growth, there is no paper alternative to the cash offer, they have no way of avoiding or spreading the CCI. This is a parti-cular problem when the bidder is a pension fund with no shares to offer. The best a pension fund can do is to provide a loan note which investors can cash in over a number of years, although recently even that option has not been made available to shareholders. When an industrial company bids

for an investment trust as a disguised rights issue - buying the trust with paper and cashing in the attracted them to the trust in the

the portfolios they have built un particularly in unquoted compa nies. When it comes to mounting a defence, individual shareholders might feel a certain amount of sentimental attachment to managers who have done them well, but it is hard to argue against an offer of 100 per cent of net asset value when the shares stand at a discount. They can hardly hope to swing local MPs to protect the jobs of their Japanes stockpickers. And however good a management is, it can scarcely ever drag its shares above, say, a 10 per cent discount while supply of general investment trusts still exceeds

Whatever the case against corposie activity there are no signs of its slowing down, although the cast of hidders appears to be changing.
The age of the disguised cash call
may be over because existing
shareholders resent not being of fered the chance to participate. And there cannot be that many pension fund trustees willing to undertake the bother and publicity of a bid.

Invasion

The bulls are convinced that the American invasion has only just begun. The U.S. investment-trust sector has already been stripped to the point that discounts are now as low as 2 per cent. UK investment trusts must be attractive in the short term for their break-up value or as an arbitrage tool. A company could go short of the U.S. equities in an investment trust's portfolio, buy the trust at a discount and deliver the (cheaper) securities. Alternatively. (cneaper) Securities with an institutions with an institutions with an institutions with an institutions with an institution with a second with a seco eye to a presence in the new City might see the acquisition of an investment trust as a cheap way of moving into the fund-management game, and even selling their experise back to American investors. · If portable pensions or tax incen

tives for saving were introduced in the UK, demand from individual investors ought to help discounts to assets - the CGT problem may be narrow. Optimists also hope that overcome, but the trust's investors the wider share ownership encounare left with shares of one company aged by offerings like BT might rather than the spread of risk that reignite individual investors interest in investment trusts. But while investment trusts are not allowed to Even good managers are not im- advertise or to offer stockbrokers a mme. The fittest cannot always ex- commission for introducing invespect to survive in the investment- tors in the way that their unit trust ity is being taken out of a grossly trust sector - often they become the rivals do, the odds are always going oversupplied sector may help to most attractive targets because of to be stacked against them.

she worked in "division two many presidency, which was responsible for foreign affairs, defence and for foreign affairs, defence and ger who once worked in the Government's searet atomic bunker south the President, is largely a figure—west of Bonn — in the past three head but the recives regular top—weeks. Herr Tiedge was heading inlevel information from the Govern—vestigations into these disappear vestigations into these disappearances before he defected. ment. It is feared that Frau Hoeke. who worked in the presidency for more than 20 years, would have had access to diplomatic reports from the East bloc as well as reports from the Federal Security Council, a cahinet-level body which is the most secret council in the country. Her arrest and Herr Tiedge's defection came after three other defections those of Fran Sonja Luene-

Bomb report clears French agents

Continued from Page 1

unlikely to pursue the affair much further beyond general accusations that the Socialists have brought France into ridicule. The right, when in power, supported the harassment of Greenpeace by the sec-rel services and is a strong supporter of continuing nuclear tests in the

None the less, the affair is unlikely to disappear because of the continuing mystery over the circum-

In a television interview, M Triwho was behind the attack.

fart and Captain Dominique Prieur state of our knowledge." In the case - now under arrest in New Zea of Commander Maffart and Captain land - and the Ouves crew had been Prieur, he conceded that until the sent on missions to gather more in- New Zealand authorities had comformation on Greenpeace's activi- pleted their examination it was imstances surrounding the sinking of ties. They were also asked by the the possible to pronounce with certainthe boat and the continuing investi- DGSE to "reflect" on appropriate gations of the New Zealand police. counter-action.

tion against those found responsi-ble.

In political terms, the credibility of M Tricot's report is also more likely to be challenged in France by So-unlikely to pursue the affair much cialist sympathisers than by the did not be-lieve that either the DGSE or its agents overstepped their instruc-tions.

While affirming his belief in the cot said he had "absolutely no idea" innocence of all five French agents under arrest in New Zealand or In clearing the Government and wanted by the New Zealand author-the DGSE of responsibility, M Tri-ities, Mr Tricot said that his judgcot said that Commander Alain Ma-ment was based on "the current

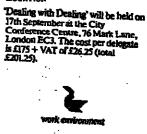
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8 Pirch corrector entertains Sir Alan Marre, 44 The Vale, The Baron. 6.30 News. 6.40 Appeal. 1.30 Ferming Outlook. 2.30 Film: Scotsport. 5.00 Wild Heritage. 5.30 Hart. 17.45 That's Hollywood. 12.15 am Chips. 11.45 Reflections. 11.50 Golf Company.

1.30 Ferming Outlook. 1.30 Pretenders. 2.30 Sky." 5.00 Dreems. 5.30 Hart. 10 Jazz (S from midnight). 1.00 am Jean To Trintory. 11.15 You the Jury Presents Two's Best (S).

1.30 Ferming Outlook. 2.30 Film: Scotsport. 5.00 Wild Heritage. 5.30 Hart. 11.45 That's Hollywood. 12.15 am Chips. 11.45 Reflections. 11.50 Golf Company.

girl—mole, perhaps (9)

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday August 27 1985



\$200m NZI deal marks debut by Kidder Peabody

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

KIDDER PEABODY International corporation and some bankers see has emerged as the latest entrant to the blossoming Europote market from German borrowers. But most with the launch of its first deal last German companies are currently ek, a \$200m five-year facility for

The deal, one of the larger opera-tions to be launched in a quiet holi-day atmosphere last week, will allow the borrower, New Zealand's largest financial services and insurance concern, to issue notes in Australian dollars as well as in U.S. dollars or other Eurocurrencies.

Up to A\$50m in notes can be issued on Australia's domestic market, where such deals have become common as a means of avoiding the withholding tax payable on bank loans. The proceeds would go to funding the borrower's Australian

For the rest, the facility bears fairly standard terms in the form of a maximum yield on Euronotes sold of 15 basis points, an annual com-mitment fee of 10 basis points and a utilisation fee of 5 points if more than half the notes are returned to

This week should meanwhile see some pick-up in market activity, with the formal launch expected imminently of the \$300m, seven-year facility for American Airlines, which is to be led by Bank of America alongside Bank of Montreal and Sumitomo Bank. Also due shortly are details of the long-awaited \$180m credit mandate from

Greece's Public Power Corporation. Bankers believe the ending of the summer boliday period might see the launch of a number of other deals this week, including a \$50m facility for KHD, the German diesel engine, industrial plant and tractor group which earlier this year acquired the agricultural equipment business and credit corporation of Allis-Chalmers in the U.S. That would be only the second

Europote facility from a German

it as a sign of expanding demand very cash-rich and their close ties to nestic house-banks make them particularly reluctant to refinance existing credit lines at lower cost in

Last week also saw the launch of another deal from an unusual quarter in the form of a \$50m, 10-year facility for the Finnish industrial concern Rauma-Repola. This carries a \$22m backstop facility with a nitment fee of 10 basis points and a margin on drawings of 15 ba-sis points over London interbank offered rate (Libor) for the first seven years rising to 20 points thereafter. Lead managers are Citicorp and Kansallis-Osake-Pankki.

The flow of borrowing by British corporations continues with deals last week from S. & W.Berisford and Fisons leading up to a \$100m facility on Thursday for British Printing & Communication Corporation, headed by Mr Robert

The deal's launch coincided embarrassingly with the suspension by Mr Maxwell on Thursday night of publication of his Mirror Group

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group buys **Phillips** offshoot

DET Norske Oljeselskap (DNO), a

small independent Norwegian oil company, announced yesterday that it had acquired GAO North Sea, a subsidiary of Phillips Petro-leum of the U.S. for NKr 460m (\$49m).

The purchase will be financed about 50 per cent by borrowing and 50 per cent from own resources. It gives DNO stakes in four additional blocks (licence areas) on the Netherlands continental shelf; it already had shares in two.

On one of the four just acquired there is a small oilfield which is due to come on stream in the second quarter of next year. This will make a welcome contribution to DNO's cash flow; the company's main source of income at present is its 6.25 per cent share of the UK Heather field, where output has passed its peak and is now declin-

in Norwegian shelf concessions when the former Labour government was in power. Under the present Conservative-led administration it has recently been given small shares in five blocks, one off northern Norway and the others in the North Sea. Three Norwegian companie

which are market leaders in their respective sectors of the country's profitable beverage and grocery trade have agreed to merge on January 1 next year, creating a new group with a share capital of NKr 130m, around 2,000 employees and a market value of about NKr 1.3bn. The boards of Nora Industrier (beer and soft drinks), Idun (ketchup, crisps, salad dressings, yeast) and Bjølsen Valsemølle (flour, grain products) have agreed on a merger deal which will give the shareholders of Idun and Bjølsen shares in Nora, plus a cash payment, in exchange for the shares in their re-

spective companies.

Norwegian | Activity in Euromarket hits high note

BY MAGGIE URRY IN LONDON

pretty successful week," said one volved. Eurobond trader before heading off iety of currency sectors.

While the tone is positive in the

Eurodollar market, much still de- sell back into Japan - has been topends on the New York bond mar-ket. "A sudden reverse there could mean a lot of bonds being offered at less two again," says one syndicate same as IADB – for its seven-year manager. Traders were squaring issue, but the issue price was set at their books before the weekend, although taking care not to be short in long-dated and newer issues where the main action has been.

The rise in Europe has lagged New York, making swaps awkward. But the lack of swaps has brought realism into issue pricing so that by Friday the IADB issue launched on Tuesday was trading around 99%, and even the Reynolds issue was comfortably within its fees. Once more the Eurobond market and France?

is losing borrowers to rival centres. A number of U.S. domestic deals might have been Eurodollar issues, Dow Chemical says it will also do

"I THINK we can look back on a and Yamaichi - declined to be in-

Traders observe that Japanese for the long weekend. Issuing activ- investors prefer a higher coupon ity has been high and the market and a premium pricing to a lower firm enough to take paper in a vartrend in "sushi" bonds - those launched in Europe but expected to

wards fatter coupens.

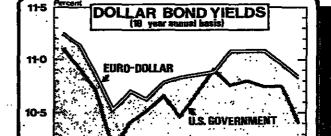
Mitsubishi Heavy Industries is

Fat margins are long forgotten in the floating-rate-note market. In-vestors are beginning to despair of being offered paper from top-name borrowers which they can buy at a profit - or indeed any paper at all. There is a significant shortage of supply and lest week saw only two borrowers, Hungary and Malaysia. They are both improving credits, but what has happened to Sweden The answer, it seems, is that the

main FAN borrowers have done their funding for this year, although while the U.S. Student Loan Mar- there is still scope for refinancing. keting Association (Sallie Mae) has That leaves the way open for the launched dollar deals in Tokyo, and lesser names to come for relatively

low Chemical says it will also do cheap money.

Malaysia is getting funds at a After the World Bank's first such rate of only 16 basis points above issue – dubbed a "shogum" deal – London interbank offered rate (Limore were bound to follow. Sallie bor), spreading the 71½ basis point Mae ran into some difficulties, fees over the 15 years to the put opthough, as three of the Japanese tion. Hungary has brough its mar-securities houses - Nomura, Nikko gin over Libor down from % per



to be small.

cent to ¼ per cent since its issue in

Both deals were moving slowly, with bids away from the lead man-agers close to or outside the full but the paper should get

The success stories of the week have been in the D-Mark and European currency unit market. Far from halting the run in D-Marks, the Bundesbank's interest-rate cut has sourred hopes for more cuts. Secondary market prices of D-Mark Eurobonds gained a round point, or more in places, although lagging the domestic market.

All the week's new D-Mark issues traded well, with the EEC and Finaround par by the weekend, com-pared to the 100% issue price. But Merrill Lynch and Kone's deals were trailing behind.

That sector might also lose business to Tokyo. Victoria Public Finance Authority, which had been expected in the Euro-Australian narket, now looks set to launch the first Australian dollar shogun.

The Euro-yen dual-currency sector saw many more issues again last week. Sallie Mae, which does not seem to be blessed with good fortupe, was having difficulty with its issue. Syndicate managers pointed out that the 2 per cent fees were too low for a 13 year deal.

The Swiss franc foreign bond market has not been left out of the excitement. Prices have gained as from Teijin Seiki ended the week much as a point over the last week, around 105% with allotments likely with the World Bank's 20-year 5 per cent issue gaining that much to 100%. The EIB's 5% per cent issue ed by the strength of the D-Mark 10 year bonds gained % point to 100. Dual-currency issues have weakened, though, with the dollar's fall, Kendall's deal ended the week at 96.

sues have been strong gainers. from the 100 issue price. Two more Here, too, new issues met a good re- deals are due to start trading this ception, even with many retail in- week - Philip Morris and Mobil. **BKF Bank bond average** 105,329

after three days' trading, down

Loss triples at Atlas mining group

BY LEO GONZAGA IN MANILA

Mining and Development, the Phi-copper. lippines metals producer, more than tripled to 924.1m pesos (\$50m) in the first half of 1985 compared with 301.3m pesos in the same period of 1985.

For all 1984, the group suffered a net loss of 696.5m pesos. Mr Harry Toelle, Atlas president, blamed the latest deterioration in operational

NET LOSSES at Atlas Consolidated sion in the world market price of mining operations of Benguet have

The company has reduced copper production in its Toledo property in central Philippines but has expanded gold production in its Aroroy property. In the second quarter, Atlas lost 470.81m pesos, compared with 155.6m pesos last year.

Meanwhile, talks between labour results on the continuing depres- and management at the Baguio

collapsed, and the 5,000-strong Na-tional Federation of Labour Unions

was expected to declare a strike. The issue was over a plan of Benguet to lay off 450 of its workers in order to cut costs and losses.

Up to 208 of the workers retired itarily and were given substantial benefits, but the 242 others

Revion bidder unveils options

The Ecu bond market was boost-

sector and other European interest-

rate cuts. Only a couple of weeks

ago the sector was under a cloud, but it has moved up and recent is-

The retail-dominated non-U.S.

dollar sectors of the Eurobond mar-

ket have again demonstrated the

need to bring only the best-loved names. In the Australian dollar sec-

vestors still on holiday.

PANTRY Pride, the Florida-based and which assets it will retain." supermarket group, intends to sell The Florida group, whose bid is "substantially all" of the assets of being fiercely contested, said its \$1.9bn bid for the cosmetics and sets

of the company it will seek to sell out the takeover.

Revion, except for the company's representatives had contacted potbeauty group, if it succeeds in its ential purchasers for the Revlon as-

health care company.

Separately, Pantry Pride said its
However, Pantry Pride added in offer was conditional on Revion
a filing with the U.S. Securities and shedding its "poison pill" anti-Exchange Commission that follow-takeover measures. The announceing a successful takeover it "may re-ment raised doubts among analysts vise its intention as to which assets about Pantry Pride's ability to carry

All these securities having been sold, this announcement appears as a matter of record only.

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(Incorporated in England with limited liability

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Baker International

This announcement appears as a matter of record only

Corporation

U.S. \$200,000,000

Revolving Credit Facility

Arranged by

Morgan Grenfell & Co. Limited

Provided by

Algemene Bank Nederland N.V.

Australia and New Zealand **Banking Group Limited**

Banque Paribas

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Barclays Bank PLC

The Industrial Bank of Japan, Limited

Midland Bank plc The Royal Bank of Canada Group

Morgan Grenfell & Co. Limited

Saudi International Bank Al-Bank Al-Saudi Al-Alami Limited

Swiss Bank Corporation

Toronto Dominion International Limited Westdeutsche Landesbank Girozentrale

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M3

Prices rise amid signs of a weak economy

U.S. BOND price rose for the third straight week last week. and short-term rates continued to ease amid signs that the Federal Reserve opted not to change short-term U.S. monetary policy at its latest Open Market Committee (FOMC) meeting.
The Fed funds rate, having

ended the previous week well above 8 per cent, traded down for much of last week and appeared to have settled into a 71 to 71 per cent range. The yield on six-month Tressury bills fell by 9 basis points to 7.20, and while yields have not fallen back to the levels of early July, when the markets were awash with talk of an imminent cut in the discount rate, shortterm interest rates have fallen by around 25 basis points from their early August peaks.

After the sharp sethack in bond prices in July, the U.S. credit markets have staged a notable rally this month. The news from Washington connews from Washington con-tinues to paint a picture of an economy stumbling along with little signs of strength.

Last week's upwards revision in the second-quarter real gross national product growth rate from 1.7 to 2 per cent was dismissed as an aberration and the markets took more notice of the

	_Last	1 wee	—12-month—			
	Friday	ago	ago	Hīgh	Lov	
Fod Funds (weakly average)	7.74	8.13	7.82	11.70	7.10	
Three-month Treasury bills	7.04	7.11	7.19	10.77	6,6	
Six-month Treesury bills	7.18	7.30	7.34	10.83	6.8	
Three-month prime CDs	7.75	7.85	7.76	11.68	. 7.35	
30-day Commercial Paper	7.65	7.78	7.63	11.38	6.96	
90-day Commercial Paper	7.63	7.70 .	7.63	11.25	. 7.00	
UC DOME PRINTE			44	_··		
U.S. BOND PRICES	AND 1	LIELDŞ	(%)		٠.	
	Last (Change		1 week	مىلنى ك	
	Friday o	XI Week	Yield	880	. 7 WA	
Seven-year Treesury	. 1013	+ +	10.04	10.14	10.42	
Seven-year Treesury		+ 4	10.04 10.61	10.14 10.70	10.47	

The figures on the July Index analysts to believe that the of Leading Economic Indicators authorities are becoming more due on Friday — will be concerned about stimulating important in this context. After the economy than curbing rising by 1 per cent in June.

n/a + 4 11.50 11.55 11.50 n/a + 14 11.25 11.65 11.65 Money Supply: In the week ended August 12 M1 rose by \$300m to \$603.1bm

unexpectedly large 2.8 per cent the inflation front, with July drop in durable goods orders consumer prices rising by a in July.

analysts are forecasting a rise of around 0.3 per cent. If the figures come in around this released on Friday, showed level it will be a further sign that the economy has stalled and will probably need lower excessive monetary growth." excess monetary growth.

in monetary policy.

The relatively weak economic numbers and the drop in the Fed funds rate have produced lower interest rates and there are those, like Briggs Schaedle's Philip Braverman, who argue that "the downtrend

in rates has further to go."

Aside from the obvious eakness in the economy, Fed officials are also monitoring the impact of the renewed crisis in the Maryland savings bank industry on the fast growing mortgage-backed securities market

By the end of the week it was looking increasingly likely that Equity Programs Invest-ment Corporation (Epic) was going to default on around \$1.40n of mortgages and mortgage-backed securities. To date the U.S. financial markets have taken the problems relatively calmly but Philip Braverman argues that the Fed's concerns about the stability of the US financial system are once again

wed mounting and this argues for "a an easier trend in interest rates. The improved tone in the U.S. credit markets over the last fortnight has not been lost on U.S. corporate treasurers, and there was an avalanche of cor-porate issues last week by companies anxious to lock in lower

Salomon Brothers notes that nearly \$2.2bn of new corporate issues were launched last week and that an unusually heavy proportion," or \$1.2bm, was tra-ditional long-term, fixed-rate

A wide range of bor-rewers ranging from General Motors Acceptance Corporation (GMAC) to Ford and Dow (GMAC) to Ford and Dow Chemical were raising money. Pacific Bell issued \$400m of 40-year debentures at a yield of 11.51 per cent and Capital Cities Communications, which is taking over ABC, issued \$200m of 12-year notes at a yield of 10.574 per cent.

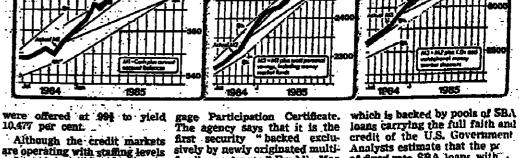
Burlington Northern raised \$250m of 30-year debentures at a yield of 11636 per cent while GMAC's \$500m of 10-year notes carrying a 101 per cent coupon



are operating with staffing levels

reflecting the summer holiday season, a number of innovative new debt instruments continue to be brought to the market. Last week the Federal Home

Loan Mortgage Association (Freddie Mac) unveiled a new stration (SBA) also asmounced



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103's
105's
107's
110's

LUXIFR STRAIGHTS

\$800m to European investors. The securities will be exempt from withholding tax. The Small Business Admini-

FEDERAL RESERVE MONETARY TARGETS

M2 |||||||

sively by newly originated multi-family mortgages." Freddie Mac of fixed-rate SBA loans with average life of about five years will trade about i per centage points above comparable U.S. Treasuries while pools of 25-year loans will yield about 11 points

above comparable U.S. issues. William Hall

FT/AIBD INTERNATIONAL BOND SERVICE

security, the Multi-Family Mort- a new type of security last week

J.S. DOLLAR

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UK GILTS

Doubts over pace of interest rate cuts

WHEN THE dollar shuffles side-ways so nowadays does the gilt-The U.S. currency's periodic bouts of weakness last week did provide the occasional boost for UK bonds. But, with the apparently conflicting news on the US company boards in

the U.S. economy keeping it in its recent DM 2.74 to DM 2.78 trading range, those brokers not on holiday had plenty of time to watch the cricket.
Short and medium-dated stocks managed gains of around 1 point but many longer issues ended fractionally lower as the

recent flattening of the yield That lackiustre performance did not dent the underlying con-

fidence that the international environment should continue to be favourable for gilt-ed: Although the upward revision

for the second-quarter U.S. GNP figure took the currency markets by surprise, it had only a fleeting impact on the prevailing has in a continuant to prevail the prevail of bearish sentiment towards the The steep fall in U.S. con- cuts.

sumer durable orders last month confirmed the pessimists in their tors wondering whether the view that the expected bounce gilt-edged market has not view that the expected bounce-back in the American economy will be relatively weak; and, crucially, that the Fed has little The Treasury line is that, although the pound has been

If the consensus is that trends in international currencies and interest rates look promising, there is less certainty over the extent and timing of their transmission to the gilt-edged market.

The dollar's fall has been far

The dollar's fall has been far from smooth and if it does accelerate there must be a limit to how quickly it can drop without the Fed reacting to the inflationary implications.

And the Bank of England has made it clear that it will not be hurried into a base rate cut just because the pound to the discount houses to cope with the huge daily shortages in

steady for some time, a level of around 82 on the sterling index would not in itself prompt the authorities to lower rates; and on the domestic front nothing much has changed since the last

The suggestion - presuming that economic rather than poli-tical reasoning continues to hold sway-is that the trigger for the next cut in rates will have to be either a renewed surge in sterling's value or some good domestic indicators. Most of the prospective good

moves over \$1.40.

Its refusal last week to offer sale and repurchase agreements to the discount houses to cope with the huge daily shortages in the money market chipped away to the domestic front is already anticipated, particularly the sharp turn-down in the infation rate likely over the next few months. The Government's finances also leak in the bushetive good the money market chipped away ment's finances also look in much of the optimism about the better shape than in recent pace of prospective interest rate years. There is, however,

Initial brokers' economists suggest that the money supply figures due on September 10 with show further strong growth in sterling M3 during banking August. Rowe & Pitman, for example, is forecasting growth of around forecasting growth of around

The authorities have temporarily disowned that monetary arily disowned that monetary aggregate, combining their focus on the exchange rate with the monitoring of a range of other indicators encompassing everything from narrow money house prices.

Having so far erred on the side of caution, however, the Treasury may have problems in persuading the markets that a favourable report from the In-stitute of Surveyors is more im-portant than what is happening to broad money.

Unless, of course the exchange rate is moving in the right direction.

Philip Stephens

FEC 12-93 ...

All these securities having been sold, this announcement appears as a matter of record only.



Imperial Chemical Industries PLC

(Incorporated with limited liability in England under the Companies Acts, 1908 to 1917, registered number 218019)

> £75,000,000 103/4 per cent. Bonds Due 1992

Issue Price 100% per cent.

J. Henry Schroder Wagg & Co. Limited

Morgan Grenfell & Co. Limited **Banque Paribas Capital Markets County Bank Limited**

Deutsche Bank Aktiengesellschaft Goldman Sachs International Corp.

Nomura International Limited

Union Bank of Switzerland (Securities) Limited Amro International Limited

S. G. Warburg & Co. Ltd.

Algemene Bank Nederland N.V. Baring Brothers & Co., Limited **Credit Suisse First Boston Limited**

Generale Bank Lloyds Merchant Bank Limited Swiss Bank Corporation International Limited

Yamaichi International (Europe) Limited

Bank Gutzwiller, Kurz, Bungener (Overseas) Limited Crédit du Nord Dresdner Bank Aktiengesellschaft Grindlay Brandts Limited Hoare Govett Ltd. Merrill Lynch Capital Markets Mitsui Trust Bank (Europe) S.A. The Nikko Securities Co., (Europe) Ltd. Nippon Kangyo Kakumaru (Europe) Limited PK Christiania Bank (UK) Limited

Strauss, Turnbuil & Co. Limited Vereins- und Westbank Aktiengeselischaft

Toronto Dominion Intera M.M. Warburg-Brinckmann, Wirtz & Co.

Yasuda Trust Europe Limited

August, 1985

corrector entertains Sir Alan Marre, 44 The Vale, The Baron noise perhaps (9) London NW11. girl—mole, perhaps (9)

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Henkel issue could raise DM500m

HENKEL. the family-owned reached agreement to "go pub shares officially listed on all West German chemicals concern lig." German stock exchanges.

Petrofina

chief dies

suddenly

He was the principal architect in the expansion of a group which now employs 23,000 people worldwide and in the first half of this year had profits

Mr Demeure joined Petrofina

in 1951 and became an executive director in 1967. He was made chairman of the management committee in 1975 and became group chairman in 1979.

Despite a dalliance with the metals industry, Mr Demeure

kept Petrofina's expansion firmly within the energy industry and

within strict financial criteria.

"We do not accept projects which have a discounted cash flow of less than 20 per cent."

The key to his management technique was decentralisation

—pick the right man and let him get on with it. "My first master is the personnel," he said, and paid obeisance to it by making employees the biggest

single group of shareholders in the group with some 9 per cent

lcukaemia.

the German "new issue" business.

At the same time, by choosing to issue non-voting stock the Henkel Iamity ensures it retains control ever the company for now—and proposity for the forseeable future.

Without that certainty it is mest unlikely that the descendants of the firm's founder Fritz Henkel—there are now 66 of them with a say in the group's future—could have

shares and another DM 100m in preference stock. The latter will not be offered to the public for now, but it is show a marked profits boost this show a marke

West German chemicals concern which invented Persil washing powder, plans a public share issue in October—the first in its 109-year-old history.

The offer of a nominal DM 75m (\$27.3m) in non-voting preference shares could raise Henkel close to DM 500m, as well as give a marked fillip to the German "new issue" business.

At the same time, by cheasing the first in the same time, by cheasing which invented agreement to "go public shares officially listed on all German stock exchanges.

There is no official word on an insue price for the shares but analysts believe Henkel's current business position and prospects could justify a figure of through an injection of particular particular and so on—Henkel is up against a range of "giants" for DM 300 or more.

Last year group net profits rose by 26 per cent to DM 130m on sales revenue up by 10.3 per cent to DM 23bn. Thanks to an internal reorganisation, it is extinct the with its highly diversified product structure — chemicals, and etergents, addesives, cosmetics and so on—Henkel is up against a range of "giants" for BASF to Procter and Gamble.

Last year group net profits rose by 26 per cent to DM 130m on sales revenue up by 10.3 per cent to DM 9.3bn. Thanks to an internal reorganisation, it is ex-

However it is pointed out that

Last year 21 German com-panies came to the stock mar-ket for the first time, a record, but this year the pace has been

The Henkel issue will come as a notable boost. It is one of as a house boost. It is one on the largest in recent years, com-parable with those of Porsche, the fast car maker, Nixdorf, the computer manufacturer, and Springer, the publishing house.

Murdoch unveils finance plan

BY WILLIAM HALL IN NEW YORK

MR RUPERT Murdoch, the Aus- both. THE chairman and chief executive of Petrofina, the international Belgian energy products group, Mr Adolphe Demeure de Lespaul, has died buying from Metromedia.

Details of the plan have not been suddenly at the age of 58. He had been suffering from

ings, Mr Murdoch's master company, is offering to exchange the \$1.35bn of "junk bond" debt which he will be responsible for when he takes control of his new TV empire, for \$1.45hn. Investors will have a choice of either accepting cash for their "junk bonds," preferred stock of a subsidiary or a combination of

MR RUPERT Murdoch, the Australian publishing magnate, unveiled plans to offer investors a stake in his U.S. operations as part of a proposed \$1.45hn refinancing of the extent that the current "junk buying from Metromedia.

Denver oil man, amnounced the \$2hn purchase of Metromedia's seven TV stations, Wall Street analysts have been expecting that the package would have to be refinanced since the \$1.35hn in "junk buying from Metromedia. issue, News America Holdings will completed, but News America Hold- sell the balance through a public of- TV stations is very expensive to fecing.

> Details of the preferred stock were not available yesterday, and it was not known whether it would be redeemable.

Ever since May when Mr Mur-doch and Mr Marvin Davis, the tion of the \$1.35bm in debt.

unrealised foreign exchange losses, but including DKr 44m

in extraordinary income from insurance indemnities for a

ferred along with ownership of the

In June Mr Davis dropped out of the deal leaving Mr Murdoch to find the money. \$450m is being raised through the sale of a Boston TV station, which meant that Mr Murdoch's initial investment was

Superfos sees downturn

BY HILARY BARNES IN COPENHAGEN

SUPERFOS, the Danish chemi- its 1985 earnings would nevercals group, has said that 1985 theless be unsatisfactory, accarnings would fall by about cording to the interim state-DKr 100m to DKr 175m ment.

(\$17.5m) primarily as a result of a weak market for fertilisers were DKr 84m, after DKr 6m of produced by Royster, the U.S. fertiliser group acquired last

Signs of a recovery in U.S. signs of a recovery in U.S. fertiliser prices, capacity reductions in the U.S. fertiliser industry and the weakening of the dollar indicated that prospects DKr 82m in forex losses. Sales were up from DKr 4bn to DKr 6.6bn, mainly a result of the Royster acquisition,

Bouygues deal confirmed

By David Housego in Paris

BOUYGUES, France's largest construction group, and M Bernard Taple, the maverick French businessman, who has specialised in buying "lame duck" companies, have con-firmed that they are to join forces in a new company
The new venture brings

The new venture orings together Files Wonder, the French consumer battery manufacturer, and the consumer battery interests of Saft, a former subsidiary of the stateowned CGE electronics group.

Founder of **Sun Hung** Kai dies after stroke

By David Dodwell in Hong Kong

MR FUNG KING HEY, one of Hong Kong's leading busiof Hong Kong's leading business figures, died yesterday almost three weeks after being hospitalised in Canada with a stroke. Mr Fung was founder and chairman of Sun Hung Kai and Co, one of the Territory's largest and longestablished broking and hanking groups. He was 63.

His death comes ince

His death comes just months after a major remonths after a major re-organisation of his broking and banking group in which he regained full executive and equity control for the first time since 1982. At that time, facing a variety of financial problems linked with Hong Kong's col-lensing property market, he

lapsing property market, he reached agreement with Mer-rill Lynch, the U.S. banking group, for a joint venture in his securities and commedities trading business. Compagnie Financiere de Paribas, the French bank, reached a similar agreement on his banking operations.

In March this year, Fung King Hey regained majority control of Sun Hung Kal when Paribas sold him its when Paribas sold him its 25.5 per cent interest in the company. Merrill Lyuch remains a minority partner. At the same time, the Arab Banking Corporation acquired a controlling stake in Sun Hung Kai Bank, leaving Fung King Hey as chairman with a 25 per cent holding. At the time, local commentators talked of Fung King Hey having restored his

King Hey having restored his-control over the group, which had performed poorly over the past three years. The re-organisation, coupled with major asset disposals, have considerably improved the group's balance sheet, raising expectations of a recovery Mr Fung was born Southern China in 1922 and educated in Guangdong. He

fled to Hong Kong in 1948.
leaving behind a moneychanging business, and
arrived penalless in the
British territory. He is understood to have made his fortune trading with China through Macao during the Korean war in defiance of a United Nations ban on all trade with the

Borrewers	Amonat IIL	Meterity	Av. iiie years	Coupon %	Price	Book Runner	Officer yield %
U.S. DOLLARS							
Pogasus Gold St	15	1992	7	81/2	100	Bge Gutzwiller, K.B.	8.500
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-Cleant H.S. 1 Pinouix Mintani Life 1 Pinouix Mestad Life 1	64.62	1995	93/2	197/4	180	CSFB	18.750
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Asgon NY ‡ B.J. Reynolds ‡	75	1992	7	1974	100	Morgan Guaranty	10.250
Bal. Reynolds ‡	198	1993	8	1074	100	UBS (Secs)	10.250
Sellie Man ‡	188	1956	.5	934	100%	Baiwa Sees,	9.522
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Facility of Tokyo ‡	186	1995	18 18	10%	1011/2	Back of Tokyo Int.	10.196
Malaria (e)++	150	2865	20	¥16	180	Morgan Guaranty	10.130
Malaysia (e)†‡ Mitsabishi Heevy ‡	100	1992	7	181/2	1015%	Yamaichi Int. (Enr)	18.164
CANADIAN DOLLARS			5	18%	188	100-4 C-4-	40.000
Canadian Pacific ‡	75	1990	5	1871	100	Wood Gundy	18.375
ABSTRALIAN DOLLARS							
BCB Finance ‡	38	1998	5	12%	1981/2	Deutsche Cap. Micts.	12.734
Menil Lyach ‡	60	1990	5	13	108%	Merril Lynch	12.B23
Kana Oy‡	30	1990	5	13	1801/2	Man. Hansver	12.858
MEW ZEALAND DOLLARS							
Kradiethank Lux. 1	56	1988	3	17	109%	Mergen Guernaty	16.662
			<u>-</u>	 -			
D-MARKS			4-				
European Community ‡ Finland ‡	158	1957	12	61/2	99	Dautsche Bank	8.623
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SWISS FRANCS							
Salai Chemicel **§‡	49	1990	-	1%	180	Credit Suisse	1.825
Santan Bestric ** ¶‡	58	1998	-	2%	108	Credit Suisse	2.875
Tokyo Electric Power I	156	1953	-	51/2	9844	Credit Suisse SRC	5.540
Mitsabishi Metal **§	150	1990 1993/9		(15/s) (516)		SBC SBS	
Matropolis of Toleyo	109 188	1998 1998	5 -	(5½) 3	100	upa Cradit Spissa	3.008
Kobe Steel 1	100	(136)		<u> </u>	100	CLICAL SOCIAL	3.000
FRENCH FRANCS							
Seine-Gebein ‡	. 300	1992	7	11%	100	Banque Indosuez	11.258
melt.							
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ANTIX GREENE THE +	75 75	1330 13 32	3	83/2	1083k	Class Manhetten	8.229
Elf Aquitains ‡ Luxdesisk liberaland ‡	75 28	1992	7	9	1891/2	RCI.	8.901
			.	<u> </u>			
BANISH KROMER			_				
Fig. Jest. Danish Ind. ‡	386	1998	5	9%	1001/2	Den Dousius Bank	9.619
SERIOR							
Waxsanes Madedond **1	58	1998	5	674	99%	Anello	6.811
LUXEMBOURG FRANCS			_				
Bercleys Beak ** ‡	198	1950	5	9%	180%	<u> </u>	9.185
YEN							
Ford Meter Credit III	26ka	1955	18	8	1001 Vis	Daiwa Europe	7.898
Mortsons Bk Downerk St	26ba	1985	10	714	189	Dainez Europe	7.250
Mortgage Bk Downerk II; Salie Mae II;	50km	1998	13	71/2	100	Daines Europe	7.500
OKIB Pİ	25ba	1995	11	7Vz	10%	Banque Paribas	7.125
Anheuser-Basch Et	11.5ba	1995	10	8	101	IBJ let.	7.852
Karna Doy, Back 🖠	38hn	1995	9	6.7	100	Nomina Secs.	6.709
Fernie Mes ‡	25ka	1992	7	6.6	100	Nomura Secs.	6.699
9 Mar	88 B ***		ملخه حدد ۲	+ 12		T With annihu warrante	S Paral

NEW INTERNATIONAL BOND ISSUES

WORLD TRADE NEWS

GLOBAL COMMENT DAILY IN THE FT

Tius announcement appears as a matter of record only



FISONS FINANCE NETHERLANDS BV

Guaranteed by

FISONS plc **US \$50,000,000**

Dealers

EURO-NOTE PROGRAMME

Credit Suisse First Boston Limited

Morgan Guaranty Ltd

The Notes will not be registered under the United States Securities Act of 1933

These Notes having been sold, this announcement appears as a matter of record only.

New Issue

May, 1985



COMMONWEALTH BANK OF AUSTRALIA

(A statutory corporation of the Commonwealth of Australia)

A\$50,000,000 131/4% Notes Due 1990

The Commonwealth of Australia guarantees the due payment of all moneys that are, or may at any time become, payable by the Commonwealth Bank of Australia

Orion Royal Bank Limited

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Morgan Guaranty Ltd

Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited

Hambros Bank Limited

Amro International Limited

Banque Nationale de Paris

Credit Suisse First Boston Limited

Generale Bank Kredietbank International Group

Nomura International Limited

Swiss Bank Corporation International

Commonwealth Bank of Australia

Limited

U.S. \$150,000,000

Chemical New York Corporation
(Incorporated in Delaware)

Floating Rate Subordinated Notes Due 1996

Notice is hereby given that, in accordance with the provisions of the Notes, the interest amount payable on 6th September, 1985 in respect of each U.S. \$10,000 principal amount of the Notes will be U.S. \$201.48.

This payment represents interest accrued for the period from 27th May, 1985 to 26th August, 1985

Credit Suisse First Boston Limited Agent Bank



Ente Nazionale per l'Energia Elettrica U.S.\$300,000,000

Floating Rate Notes Due 2005

Unconditionally guaranteed as to payment of principal and interest by The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8.175625% for the Interest Determination Period 27th August, 1985 to 27th September, 1985. Interest accrued for this Determination Period and payable in November, 1985 will amount to U.S.\$70-40 per U.S.\$10,000 Note and U.S.\$1,760-03 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York £200,000,000 Guaranteed Floating Rate Notes Due 1996 Lloyds Eurofinance N.V.



Lloyds Bank Plc

August 27, 1985, London By: Citibank, N.A. (CSSI Dept), Agent Bank

will be £768.62.

CITIBANC



CREDITANSTALT-BANKVEREIN

US\$150,000,000 **Subordinated Floating Rate Notes 1996**

For the six months 27th August 1985 to 27th February 1986 the Notes will carry an interest rate of 81/4% per annum and coupon amount of US\$210.83, payable on 27th February 1986

Bankers Trust Company, London Principal Paying Agent

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Throgmorton waits for Panel ruling on bid

BY MARTIN DICKSON

Throgmorton is understood

Pacific Trust

value declines

net asset

THE LONDON based Throgmorton Trust is believed to be
seeking permission from the
Takeover Panel for a relaxation
of the timetable imposed by the
City Code in its fil5m bid for
Scottish Northern Investment
Trust (SNIT).

Panel that the unitisation prolished its offer document for
solution prolished its offer document
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Trust (SNIT).

This follows SNIT's rejection least, the takeover code timeof Throgmorton's bid earlier this table governing its bid should month and its counter-proposal be relaxed, with the clock that the fund be unitised under stopped until SNIT's unitisation. the management of Murray Johnstone, the Scottish fund management of its investment trusts simultaneously bought 149 per offer. A decision from the Panel cant of SNIT's ordinary shares.

Throgmorton is understood

cation until the Panel rules on

its argument.
The case is breaking new ground for the Panel, since it is extremely rare for unitisation proposals to be put forward during a contested takeover bid. The view from the SNIT camp appears to be that the proposal stem from its board, rather than Murray, and should therefore not be treated as within the Under the takeover code, not be treated as within Throgmorton should have pub- ambit of the takeover code.

Ault & Wiborg profits lifted to £0.33m midway

Despite a substantial increase in interest and similar charges, the Anit & Wiborg Group of printing inks, automotive paints, and chemical makers has lifted its pre-tax profit from £202,000 to £332,000 in the half-year ended June 30 1985. The group is a subsidiary of the Sun Chemical Corporation of the U.S. During the first six months of its life, the Pacific Assets Trust has suffered a decline in net asset value because Asian Pacific stock markers have been depressed in sterling terms. But the directors feel that the long-term prospects for the region remain excellent. Asset value at July 31 1985 was 87.08p per share. Corporation of the U.S.

In June the group announced the sale of its container coating and metal decorating inks business, and early last month said it was in discussion for the dis-The managers have taken a conservative and gradual approach to investment, resulting in substantial cash reserves being maintained at July 31. posal of its automotive paints operation

operation.
Turnover in the period fell from £38.39m to £36.9m, and the gross profit was down to £9.73m from £10.1m. But lower distribution and administration costs, and redundancies down from £416,000 to £337,000, left the operating profit rising from £1.08m to £1.48m. Interest charges were £1.13m (£880,000). To facilitate further invest-ment a HK350m loan facility has been arranged since July 31. Against this £4m has been invested in a UK government

SHARE STAKES

director, sold 93,750 ordinary

This puts the trust in a strong position to invest in companies with good long-term prospects.

Unigroup I. Goodman, direc. A linter, has disposed of 10,000 paid. Land Securities—Lord Samuel on August 21 sold 50,000 ordin-

ary and now holds 500,000.

chased 100,000 ordinary at 31p each, increasing holding to 903,640 ordinary (0.01 per cent). Emap. R. J. Winfrey, deputy chairman, has disposed of 38,500 A limited voting ordinary fully

Property Security Investment Trust - L. N. Tucker, director, has ceased to be interested in 10,000 ordinary.

Murray Growth defence criticised

£150m contested takeover bid for the Glasgow-based Murray Grewth Trust, has attacked Murray's defence document as In a letter to shareholders, the the offer was inadequate could not be justified. "It is generally recognised in the investment community that a cash offer for

chares in an investment trust at 100 per cent of net asset value is generous, it added. The fund rejected claims that its offer might not reflect the unquoted investments and des-cribed as "unrealistic" the argument that various costs

argument that various costs could reduce by as much as 5 per cent the value of the offer to ordinary shareholders.

Murray Growth maintains that because there is no paper alternative, the fund offer means that shareholders may face substantial capital gains fax liabilities. liabilities.

profit shows inks contributed £858,000 (£444,000), paints £12,000 (£82,000), chemical and resins £1.31m (£1.48m), container coatings loss £202,000 (£258,000), and environmental engineering £35,000 (£18,000). liabilities.
However, the fund replied that in talks with Murray, before its bid was launched, it had become clear to both sides that "it would be neither practical nor necessarily in the best interests of shareholders to provide an alternative offer of shares in an engine runn? Group expenditure was £557,000 Tax takes £250,000 (£100.000) to leave the net profit at £82,000 (£102,000) for earnings of 0.41p

> BARING BROTHERS, merchan banker, announces that to end June unandited profit for the six

months was approximately the same as for the corresponding

BORDER & SOUTHERN Stock-holders Trust's intesert in the ordinary shares of M L Holdings is now 275,000 ordinary (7.41 per cent), held in the name of West Nominees.

COMPANY NEWS IN BRIEF

ALMINIUM WIRE and Cable buted to Company has been restructured. Hawker Siddeley Group, which previously owned one-third of the capital has now acquired the whole of the electrical cable and accessories business, while the remainder of AWCO's business (aluminium wire and overhead conductor) has been acquired by British Alcan Aluminium.

GLEN INTERNATIONAL, the Edinburg-based licensed dealer in securities has acquired 141,000 ordinary shares in Pyke Holdings, the butcher and meat wholesaler, increasing its stake to 8.93 per cent of the ordinary shares.

Brewerles remained confident about the future of its business, the chairman said at the annual ary and now holds 500,000.

Garfunkels Restaurants —
Reginald Kaye, a director, has sold 50,000 shares sold 400,000 ordinary reducing beneficial holding to 3m (10.6 per cent).

Miggins Group—On August 23 41,500 shares (5.76 per cent).

BOARD MEETINGS

American Treat, Dutry, c. Edinburgh Fund Managers, i Oil and Gas, First Scottish Trust, Hongkong and Banking, Marley, Palma, (Laicestar), Taylor Woodrow.

FN	VANC	IAL	TIMES	STO	CK	IND	ICES	· .
3	Aug. 22	Aug.	Aug.	Aug.	Aug.	igi Jajant	1985 ligh Lo	•

: 1	Aug. 23	Aug. 22	Aug.	Aug	Aug.	Aug. 16	19 High	85 Low	Since Co	mpliation Low
overnment Secs.	83.70	83.68.	83.46	83,38	83.60	85,70	83,87	78,02	127.4	49,28
ixed interest	86,81	88,73	88,67	88,64	88,69	88,65	88.81	82,17	150,4	50,63
ordinary	991.4	987.2	968.2	982.2	972.1	974.7	1024.5	911,0	1024,5	49.4
old Mines	311,3	310.1	322.8	392,3	817.4	309.3	538.9	298.1	734.7	48,5
T-Act Ail.Share,	635,04	633,95	635,21	632.16	626,94	628.00	644,21	581.88	644,91	61,92
T-SE100	1813.6	1309.7	1515.9	1307.1	1294,9	1299.1	1324,4	. 1206.I.	1549.4	985,9
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EQUITIES FIXED INTEREST STOCKS

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uniess otherwise indicated. Tissued by tender, I Offered bolders of ord sharts as a "tights," "I feated by way of capitalisation. S Reintrods 17 issued in connection with recrumisation merget or takeover, II Align isters or fully paid. II introduction. I United Securities Market. I Pie price. 11 Dealt in upder Rule 535 (3). W Dealt in under Rule 535 (4) (2).

All these securities having been sold,



£50,000,000

Mitsubishi Finance (Hong Kong) Limited

11 per cent. Guaranteed Notes Due 1990

Unconditionally and Irrevocably Guaranteed by

The Mitsubishi Bank, Limited

Morgan Grenfell & Co. Limited

Citicorp investment Bank Limited

Mitsubishi Finance International Limited

Baring Brothers & Co., Limited

County Bank Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Lioyds Merchant Bank Limited The Nikko Securities Co., (Europe) Ltd.

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International

Chemical Bank International Group

Generale Bank

Grindlay Brandts Limited

Hill Samuel & Co. Limited

Morgan Stanley International

Orion Royal Bank Limited

Shearson Lehman Brothers International

Union Bank of Switzerland (Securities)

this announcement appears as a matter of record only

£30,000,000

General Motors Acceptance Corporation (U.K.) Finance plc

10½ per cent. Notes due 1990

guaranteed as to payment of principal and interest by

General Motors Acceptance Corporation

The Issue Price of the Notes is 100 per cent. of their principal amount

Morgan Grenfell & Co. Limited

County Bank Limited

Girozentrale und Bank der österreichischen Sparkassen

Grindlay Brandts Limited

Lloyds Bank International Limited

Merrill Lynch Capital Markets

Orion Royal Bank Limited

Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd.

Union Bank of Switzerland (Securities) Limited

8 Pitch corrector entertains Sir Alan Marre, 44 The Vale, The Baron, 6.30 News, 8.40 Appeal, 7.30 Farming Outlook, 2.30 Film: Scotsport, 5.00 Wild Heritage, 5.30 Hert, 11.45 That's Hollyworgirl—mole, perhaps (9)

London NW11.

4.30 Pretenders, 5.00 Boilleye, 5.30 Diaty, 7.00 pm A Question of Faith, Farming Outlook, 7.30 Film: Scotsport, 5.00 Wild Heritage, 5.30 Hert, 11.45 That's Hollyworgirl—mole, perhaps (9)

London NW11.

All these securities having been sold,

June, 1985

(Incorporated in the State of New York, United States of America)

Swiss Bank Corporation International Limited

Creditanstalt-Bankverein

S.G. Warburg & Co. Ltd.

How to clean up in the greasy hair shampoo business

bought not just by people suf-fering from the condition but

by others anxious to ward it off.

In Britain, for instance,

the the world are trying to make headway in efforts to improve the formulations of the pro-

Akthough technical innovation plays a secondary role in the tolletries business to marketing, the £2bo-turnover sham-poo industry is combing through a crop of novel areas in hair science in a bid to find new products or variants on old ones. One line of research—so far largely untapped but which appears to be bristling with potential—concerns greasy hair.

potential—concerns greasy hair. Shampoos currently on sale that purport to deal with greasy locks usually work simply by containing more detergent. Techniques to attack greasy hair in a more scientific way—for instance by modifying the action of the sebaceous glands in the scale that secrete an oily substance called sebum—are

substance called sebum—are under study by several glants of the shampoo business such as Procter and Gamble and Col-sta Panoliva gate-Palmolive.
Other researchers are trying to improve formulations for anti-dandruff champoos, a pro-duct that appeared about 15 years ago and changed virtually overnight the nature of the hair-

chemists are working on sham-poos geared to people who want to wash their hair particularly collars.

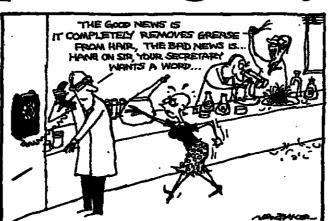
Use of these "frequent-wash." ally mild forms of detergent, has grown rapidly in Britain in young people.

The shampoos, among them Timotei, made by Elida Gibbs (owned by Unilever) and Once, produced by Reckitt and Colman, have been introduced to the UK from countries such to the UK from countries such as the U.S. and Sweden. There, due to a generally greater preoccupation with personal hygiene, "frequent-wash" formulations have proved a hit among people who may turn to the shampoo bottle several times a day.

times a day. ward off dandruff has paid off handsomely among tolletry com-panies in the past decade. The companies have developed a range of chemicals that interfere with what is at the root of the dandruff problem—the microscopic yeasts and fungi present in people's scalps.

These organisms affect the natural mechanism by which the scalp sheds skin. Instead of the normal process in which skin flakes away as invisible dust particles, the skin cells in dandruff sufferers congulate in are business.

dandruff sufferers coagulate in
In a third area of research, relatively large lumps. This produces the tell-tale specks that assemble on people's



explained the link between dandruff and the tiny organ-isms, the chemicals added to anti-dandruff shampoos in some way inhibit the latter's activity. Procter and Gamble uses zinc pyrithone, while Colgate-Palm-olive includes in its Alert and Guard shampoos a substance called climbazole.

Unilever, meanwhile, has its own favourite—octypyrox—an ingredient developed by the Hoechst chemical company in

Anti-dandruff shampoos have had a big effect on the shampoo shampoo scientists has turned glands — accumulate fatty business. The products are in recent years toward formula- material from the blood stream.

Redemption Notice

A/S Eksportfinans

(Forretningsbankenes Finansierings-Og Eksportkredittinstitutt)

U.S. \$50,000,000 9% Notes Due 1986

NOTICE IS HEREBY GIVEN, pursuant to the trust deed made between the Company and the Law Debenture Corporation, Limited, dated September 21, 1978 under which the above described notes were issued, that Ciribank, N.A. as Paying Agent, has selected by lot for redemption and prepayment on September 15, 1985 \$3,650,000 principal amount of said notes at the redemption price of 100% of the principal amount thereof, together with accrued interest to September 15, 1985. The serial numbers of the notes selected by lot for redemption and

NOTE NUMBERS

2 2354 12274 14500 22103 22775 23469 34503 24917 2617 26231 27045 27750 2817 2617 26231 27045 27750 2817 2617 26231 27045 27750 2817 2617 26231 27045 27750 2817 2617 26231 27045 27045 28185 27045 28185 27045 28185 27047 28185 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185 28185 28187 28185

Mr John Hogston, a marketing consultant specialising in tolletries, agrees. "Shampoo is an enormous and highly com-petitive business. You have to sell something different that no one else has got."

According to Dr Rothwell, there are four possible approaches to greasy hair:

These water-attracting sub-stances, sodium lauryl ether sulphate or bietheylethanola-mine lauryl sulphate for In Britain, for instance, where the shampoo business is worth about £100m annually. rinsing washes the dirt away. Procter and Gamble's Head and Shoulders, Vosene (made by per cent of water. The Beecham) and All Clear from rest is detergent and other additional control of the following the control of Elida Gibbs are among the four tives such as oils and polymers.

According to Dr Philip
Rothwell, who is in charge of toiletry research at Colgate-Palmolive's laboratories in Manchester and Piscataway, New Jersey, the interest among shampoo scientists has turned in recent years toward formula-

tions to tackle greasy hair.

"We are in a similar position in trying to combat greasy hair as we were with dandruff 15 years ago," says Dr Rothwell. He thinks that any scientific breakthroughs in attacking this phenonmenon could give the successful company a lead on its rivals.

Mr John Hogston, a marketing consultant specialising in colletties, agrees. "Shampoo is an enormous and highly com-

over.

Others in the shampoo business doubt the wisdom of increased efforts to tackle the problem of greasy hair. Mr shampoo could form an oilresistant layer on top of each hair strand. It could also make the hair look strainer. approaches to greasy hair:

The conventional technique is to sell shampoo that contains more or stronger detergent.

The conventional technique approach scientifically is an attempt to change the chemical that is excessively oily.



The proportion is, he says decreasing as people wash their hair more often, so naturally trimming the amount of sebum in their locks. Over the past 20 years in Britain, the average frequency of washing has roughly doubled to today's level of once every two or three days. The prospects for research into greasy hair look shiny, however, in countries where the average time between washes is rather longer, for instance in France and Spain where the typical person turns to the shampoo bottle still only

Researchers smell success

laboratories attempts to introduce new ideas into the company's worldwide tolletry business—which accounts for roughly a tenth of the world shampoo consumption 50,000 tonnes.

Among the areas under

 Fragrances, Chemists liaise Fragrances. Chemists liaise with market researchers to come up with new perfumes that Colgate-Palmolive thinks will be especially appealing in shampoo or soap. The Manchester laboratory works in this area with another Colgate-Palmolive research control in Piccataway New centre in Piscataway, New Jersey, and with another branch of the company in Paris that deals exclusively with perfumes.

Herbal extracts for adding fragrances to shampoos are viewed by the company as "a long stayer." It is generally reckoned that bone-marrow shampoos now give people the brush-off while the same may soon be true of products con-taining egg.

Apple and lemon shampoos have recently proved popular while the market share of lavender formulations has been shaved in recent years.

Toothpaste. Colgate-PalmSHAMPOO USE IN BRITAIN

Conditioner Anti-dandruff

Total exceeds 100 per cent because some homes use more than one type of shampoo. Source: Colgete Palmolive

Olive scientists think they scored a coup with the devel-opment of dual-acting fluoride additives now in use in the company's denial products. The pastes contain both sodium monofluorophosphate which stays on the surface of the teeth to reduce decay—and sedium fluoride, which buries into the enamel to reduce caries below the sur-

Most finoride toothpastes, say the scientists, contain only one agent that stays on the surface and does nothing to protect the interior of the tooth. Current developments in toothpaste research are a closely guarded secret as the company is anxious to preserve a technical edge on Decodorants. While antiperspirants modify the
behaviour of the sweat glands
(for instance by constricting
the mouth of the glands by
the action of aluminium
salts) deodorants are likely to contain chemicals to attack bacteria likely to breed in people's armpits.

These bacteria are present as a result both of the moist environment and also due to the incidence in this area of the body of fats and other substances secreted by the apocrine glands, the so-called "scent glands."

Colgate-Palmolive re-searchers, along with other scientists in the tolletries in-dustry, are continually trying to improve on formulations to do this Job. A widely used anti-bacterial agent for deodorants is trichlorodi-hydroxyphenol ether, made by Ciba Geigy. A second chemical that is galning favour is propylene glycol, which is well known in the food industry as an artificial

"Research work in toiletries is characterised not so much by glant leaps for mankind but by a lot of little potterings by which products are gradually improved," says Dr Philip Rothwell, director of research at the Manchester laboratories.

Forging ahead in machine tools

ALTHOUGH HAMMER forging has been used for some time to West Germany, now has a sys-tem that uses the multi-die multi-station technique to make dimensionally critical parts like

The machine, which will be International Machine Exhibition in Hanover (September 17 to 25), will be available in the UK from Rayridge, Exhibition in Hanover (Sept

Able to handle steel billets from 30 mm to 120 mm in diameter, the machine is avail-able in four eizes and costs between £100,000 and £500,000, including feed and extraction automation. The smallest machine is about the size of two machine is about the size of two filing cabinets and will produce small parts like Philips or Posi-drive screwdriver blades at 2,800 an hour. Larger, motor car parts can be forged at 600 to 1,000 parts per hour.

These machines use three or four opposed pairs of dies operating at up to 2,000 blows per minute, striking the blank as it rotates and is inched forward, to produce the part in under five seconds. A normal forging temperature of about 1,150 deg C is achieved with a built-in induction heater.

Since a large number of relatively light blows are made instead of a few heavy ones in conventional forging, the noise, at a level of about 87dB, is said to be fairly small, total enclosure can reduce this to 70dB.

No special foundations are needed. The relatively low noise level means that no special forge buildings are necessary and the machine could form the start of a pro-duction line. duction line.

An important advantage claimed by Rayridge is that parts can be made to much greater accuracy than with any conventional forging process. Often, finish-grinding is the only additional process needed. Significant savings in materials can be made as well as in machine tool operator costs. Furthermore, because the parts are struck many times during forging while the part is rotating, no flash (unwanted prousinnes of metal) is pro-

A further advantage is that by delaying certain of the ham-mer strokes asymmetrical fea tures can be produced on the

part.
Most of the process is automatic and equipment can be supplied that feeds in the metal continuously, forges the parts in a string and then cuts them to an accurate volume is fea-sible, with auto-feed to the forge by robot.

GEOFFREY CHARLISH

Pipeline mole cracks the problem of decaying sewers

is very different to those of the TUC and CBI which have urged extra capital expenditure many connection joints. to create employment and to A range of equipment is now cope with what they see as a available which can remove rapid deterioration in the these protrusions before recountry's infrastructure.

"The picture appeared much bleaker five years ago," says use high pressure water jet
Mr Ian Cooper, deputy director cutters operated using closed
of the Water Research Centre's
engineering division. "There Methods for the replacement bleaker five years ago," says way, then only a modest in-crease in expenditure is required."

This change of outlook is due parity to the development of more accurate methods of surveying and analysing the sewer network. "Until recently, we didn't know exactly how the wountry's sewers worked," says Water and ALH Systems, part Mr Cooper. Now the WRC's of the Avon Rubber Group, Swindon laboratory, with an have developed a device capable of enlarging the existing pipeis developing computer models and instruments to measure flows and velocities within the network. The centre has also published a sewerage rehabilito replace a 9 in diameter contation manual which gives crete sewer with a 14 in advice on how to plan and carry

out renovation. It emphasises the need for a selective approach to structural failures and overloading of pipelines. Survey, analysis and pre-emptive rehabilitation should be concentrated on critical sewers. "If major interceptor sewers, "If major in-through which the machine terceptor sewers, deep sewers, guides a replacement pipeline or sewers in bad ground fail, of either similar or the cost of replacement. or sewers in bad ground fail, of either similar or greater the cost of replacement can be diameter. The 1,058 metres of five times that of taking remedial action," says Mr Cooper.

"But it makes more sense to to take 22 weeks to replace on leave sewers in the remedial." leave sewers in the remaining 80 per cent of the network to

without incurring massive in-spection losses we can make the current capital expenditure of fifth on sewer renovation go 25 per cent further," says Mr Cooper. With annual expendi-ture kept at that level, much of the backlog of repairs should be cleared within 10 years. However, a crucial element in that cost-saving exercise is the use of new renovation techniques. For example, renova-

the water industry. That view until recently by the lack of is very different to those of equipment capable of dealing with the obstructions found on

these protrusions before re-lining and can then reopen them. Many of the methods

is a backlog of repair work, but of existing pipes have also been if it is dealt with in the right limited. Current methods of limited. Current methods of inserting a new pipe within an existing one have reduced carrying capacity. And, where an overloaded sewage system required a larger diameter pipe, the only option was to dig up the ground above, before replacing the sewer.

Now the WRC, with Southern

distubtion. It is being used on a sewer relief scheme in West Sussex to replace a 9 in diameter con-

diameter polyethylene sewer, so trebling the pipekine's capacity. A pneumatically-operated per-cussive mole is driven through the existing pipe, shattering it as it progresses, and forcing the estimated 50 per cent reduction on more traditional techniques. Development costs will not fail, because of the costs of inspection, for example.

By retaining as much of market. However, American the existing system as possible, contractors have already bought a licence to the system, for which UK plant and technology will be sold.

"We have identified the problems of sewer inspection and renovation earlier than any other countries, because our sewers are older," says Mr Cooper. "This gives us a lead on the technology to deal with

The thinking fax machine

allow pages of information to be sent almost anywhere over machines by Pitney Bowes, the matically.
office epecialists, that offer disk

FACSIMILE MACHINES, which while a hard disk can accomedate a further 600 pages. Coup-led with an autodialier which can remember 99 fax numbers a phone line in under a minute, can remember 99 fax numbers have become even more sophisany or all of the documents can ticated with the introduction of be sent almost anywhere, auto-

Pitney Bowes believes comstorage.

The model 89000 for example is a "store and forward" machine that has an electronic memory that can hold 19 pages

Talky bowes believes companies could save money by using an 8900 as a relay device, fed by other, simpler fax machines in other offices. More on 0279 26731.

On September 15, 1985 there will become due and payable upon each note selected for redemption and prepayment the said redemption price, together with interest accrued to September 15, 1985. Payment of the redemption price of the notes to be redeemed and prepaid will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender therein for the payment of public and private debts and in New York clearing house funds upon presentation and surrender of said notes, with all coupons appertaining thereto maturing after September 15, 1985, at the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to maturing after September 15, 1985, at the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to applicable laws and regulations) will also be made at the specified offices of the paying agents listed on the reverse of the note by check drawn on or transfer to an existing account with a bank in New York City.

on and after the date fixed for redemption and prepayment interest on said note will cease to accrue. Coupons due September 15, 1985 should be detached from the note and prepayment interest on said note will cease to accrue. Coupons due September 15, 1985 should be detached from the note and pre-

For A/S EKSPORTFINANS CITIBANK, N.A. as Paying Agent

August 15, 1985

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NEW YORK

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SUGAR WORLD "J!" 152,000 Ib.

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COPPER 28,000 th, contaits



£31m chemical plant for John Brown

JOHN BROWN has been awarded a major project management, design, procurement and construction contract by Beecham Pharmaceuticals UK division worth around f20m. The new plant will be sited at Irvine, Scotland, and is for the extraction and isolation of potassium clavulanate—the chemical sub-stance used in the new genera-tion of Beecham penicillins to overcome the growing problem of bacterial resistance to con-ventional antibiotics. John Brown has also won a project manage-ment, design and construction contract from The Boots Comcontract from The Boots Com-pany, valued at £11m, for the second fine chemicals plant to be built on the Boots' Cramling-ten, Northumberiand site. The plant, which will be designed almost exclusively using CAD techniques is scheduled for com-pletion in 1986.

SHEPHARD, HILL & CO and FITZPATRICK & SON (CONTRACTORS) combined forces for the first time to submit a successful f3.05m bid for the A414 Stanstead Abbats by-pass. Work on the two-year contract Work on the two-year contract for the 4 km dual carriageway awarded by Hertfordshire County Council will begin in September. A feature is construction in pre-stressed and reinforced concrete of two vinducts 90 metres and 380 metres in length crossing in 17 spans the River Lea, British Rail's (Eastern) Herford Line and the New River. Shephard Hill Les won a further contract for bridgeworks worth 1900,000. West Sussex County Council's design for the Norfolk Bridge at Shoreham-by-Sea comprised a glued segmental concrete deck but Shoreham-by-Sea comprised a glued segmental concrete deck but Shoreham-by-Sea comprised a cost the River Adur using the incremental launch respectively. of two viaducts 90 metres and naving just completed the advance works at a cost of £350,000 for a temporary bridge to take the diverted A259. For this Shephard Hill slid the original deck on to newlyconstructed piers during a weekend closure to traffic end closure to traffic.

Swire Haden wins over £21m work in Hong Kong

Kong-based engineering services design and contracting organisa-tion established earlier this year under the joint ownership of Swire Pacific and Haden Inter-

national.

Largest contract, worth HKSS6m (£6m) is for air conditioning at Queen Mary Hospital, Pokfulam, Hong Kong A 28-storey building will provide 940 additional beds as well as operating theatre suites. A separate 12-storey block will house psychiatric patients. The airconditioning plant will have an overall capacity of 5,000 tons of refrigeration. For Cityplaza Phase II, Swire Haden will install electrical and fire protection services to a value

SWIRE HADEN has received of HK\$65m (£6m), Cityplaza is seven orders worth HK\$235m the shopping complex within (£215m) for work in Hong Kong Swire Properties Taikoo Shing and The People's Republic of development on the north China. The company is a Hong eastern waterfront of Hong Kong Kong-based engineering services Island. Completion is scheduled for Merch 1987. for March 1987.

Orders have also been received for work in two of the Special Economic Zones created by The People's Republic of Chins. In Zhuhai, an HK827m (£2.5m) mechanical and electrical conmechanical and electrical contract is for a harbour-side commercial development. In Shumchun electromechanical and fire protection installations worth HK\$4m (10.4m) will be carried out at the China Sun Oil plant. Further work includes contracts for the Hong Kong Housing Authority (total value HK\$58m) Hutchison Whamboa (HK\$5m) and the Tuen Mun Cultural Centre, New Territories (HK\$10m).

Costain builds houses in Oman

YAHYA COSTAIN LLC. Oman-based subsidiary of Costain Group, has won an fi8m contract to construct 250 houses, four schools, ten shops and a mosque at Bausher, Oman, for the Diwan of Royal Court Affairs, Director-ate General of the Capital Municipality. The Bausher Social Housing Project is close to Bausher village in northern Oman and will be located on 320,000 sq metres of land bounded by mountains to the south and sand dunes to the north.

The houses will be single-storey units with provision for future extension, both horizontally and

vertically. They will be of plas-tered concrete blockwork con-struction, founded on concrete footings with reinforced concrete roof slab. The window arches will rout stat. The window arries will follow a traditional Islamic design and interior features include meranti doors and frames, terrazzo and ceramic tiling throughout, alsoninium metalwork embellishment and Claustra work embellishment and Claustra work emochishment and Claustra relief panels in hays and over windows. External works include all roads, drainage (both foul and stormwater), boundary walls, street lighting and power distri-bution system. The project is scheduled for completion by April 1987. April 1987.

Middle East piling work

Overseas contracts with a combined value over £4m have been awarded to CEMENTATION PILING AND FOUNDATIONS, Rickmansworth. Largest, at £3.4m, is for grouting work on the Cairo Waste Water Project as a joint venture with Steot. Cementation will inject grouts to stabilise loose sands and silts on one of the major sewer tunnel contracts, to enable shield launching for the tunnelling machines to get underway. Work

for grout jacking in Baghdad. Work involves reinstatement of a pumphouse floor which had suffered excessive differential settlement due to scour action below ground. The technique used is to inject grouf under controlled pressures below the slab to bring it back to level. The company is part of the Trafalgar House Group.

The A. P. Besson division of CRYSTALATE ELECTRONICS has won an order worth £500,000 from TMC for telephone reciever and fransmitter inserts known as capsules. Besson, based at Hove, will supply the carsules for use in the Statesman and Amhassador quish button tele-phones made by TMC.

Notice of Redemption and Termination of Conversion Rights

American Tobacco International Corporation

51/2 Convertible Guaranteed Debentures Due 1988 (Convertible into American Brands, Inc. Common Stock)

NOTICE IS HEREBY GIVEN that, pursuant to Article Four of the Indenture dated as of August 1, 1968 (the "Indenture") among American Tobacco International Corporation (the "Company"), American Brands, Inc. (formerly The American Tobacco Company) ("American") and Morgan Guaranty Trust Company of New York (the "Trustee"), under which the Company issued its 5½% Convertible Guaranted Debentures Due 1988 (Convertible into American Brands, Inc. Common Stock) (the "Debentures"), and the ninth paragraph of the Debentures, the Company shall redeem on September 17, 1985 (the "Redemption Date") all of the outstanding Debentures at a redemption price of 100% of the principal amount thereof (the "Redemption Price"), plus accrued interest from August 1, 1985 to the Redemption Date in the amount of \$6.71 for each \$1,000 principal amount of Debentures.

The Debentures shall become due and payable on the Redemption Date at the Redemption Price plus accrued interest which shall be paid upon presentation and surrender of the Debentures together with all coupons thereto appertaining maturing after the Redemption Date at the paying agencies listed below.

The Debentures will no longer be outstanding after the Redemption Date and interest on the Debentures will cease to accrue from and after the Redemption Date and the coppons for such interest shall be void.

Debentures will cease to accrue from and after the Redemption Date and the coppons for such interest shall be void.

Pursuant to the Indenture, the principal amount of any Debenture may be converted into shares of Common Stock, of the par value of \$3.125 each, of American ("American Common Stock") at a conversion price of \$18.00 per share. Any holder who elects to convert his Debentures into shares of American Common Stock should surrender his Debentures with all unmatured coupons thereto appertaining, together with written notice of election executed by such holder that the holder elects to convert such Debentures and apecifying the name or names in which the shares of stock deliverable upon conversion shall be registered, with the address(es) of the person(s) so named, to one of the conversion agencies at its address specified below. The right to convert the Debentures into shares of American Common Stock will terminate at the close of business on September 17, 1985 (unless the Company shall default in payment due upon redemption thereof), and after that date no further conversions of Debentures can be made.

On July 25, 1985, the last reported sale price regular way of the American Common Stock on the New York Stock Exchange was \$63.875. It should be noted that upon conversion of \$1,000 principal amount of Debentures a holder will receive \$5 shares of American Common Stock on the New York Stock Exchange is \$63.875 on the conversion date, a cash amount of \$55.77 in lieu of fractional shares. Based on such sale price of American Common Stock on the New York Stock Exchange, such conversion would be valued at \$3,548.90. In contrast, if such holder were to elect to have his Debentures redeemed, he will receive \$1,006.71 for each \$1,000 principal amount of Debentures redeemed, he will receive of American Common Stock is subject to change based on changes in the market value of American Common Stock if such holder were to elect to have his Debentures redeemed, he will receive \$1,006.71 for each \$1,000 principal amo

Debentures so delivered.

Payments at the office of any paving agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made at the office of the paying agent within the United States for by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Invernal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS form W-9, certifying under penalties of perjury that the payee is not a United States petson, or an executed IRS form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50, Please therefore provide the appropriate certification when presenting your securities for payment.

PAYING AND CONVERSION AGENTS Morean Guaranty Trust Company of New York

Morgan Guaranty Trust Company of New York Corporate Trust Office 30 West Broadway New York, New York 10015 Morgan Guaranty Trust Company of New York P. O. Box 161 Morgan House l Angel Court London EC2R 7AE England

Morgan Guaranty Trust Company of New York Mainzer Landstrasse 46 (4000 Frankfurt-am-Main We≥t Germany Kredietbank S.A. Luxembourgeoise 43. Boulevard Royal Enite Postale 1108

of New York 14, Place Vendome 75001 Paris, France Bank Mees & Hope N.V. Amsterdam, 1000 The Netherlands Attn: Centrale Effecten Buitenland Credito Romagnolo S.p.A. Sede Di Milano

Avenue des Arts 35

B-1040 Brussels, Belgium

Morgan Guaranty Trust Company

Via Armorari, 14 20123 Milano, Italy

AMERICAN TOBACCO INTERNATIONAL CORPORATION

August 1, 1985

Divergent trends in Lloyd's results

SYNDICATE PERFORMANCE

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BY JOHN MOORE, CITY CORRESPONDENT

IN THE first week of September Lloyd's will announce its insur ance market results. The indi-cations are that the figures will be bad and the underlying underwriting loss the largest in the market's near 300 year trading history.

Figures produced by two groups of Lloyd's underwriting members, who have surveyed most of the 431 insurance syn-dicates of the market, point to an underwriting loss of £500m for the whole market. How-ever, taking into account investment income samed on pre-miums of around £3bn, Liovd's could be showing a profit close to \$50m, a figure the market has suggested will be the likely re-sult. That would still reprevious underwriting account of over £100m.

The latest figures Lloyd's will report are those for the 1982 underwriting account. Lloyd's leaves its accounts open for three years to gauge more accurately the extent of insur-ance liabilities on its insurance policies—an accounting method that also provides considerable tax advantages.

A closer examination of the figures in the two unofficial studies shows a number of divergent trends. The 1982

underwriting account at Lloyd's has produced extremely good re-

running at pearly \$800m, but rates continue to also The Chatset tables show that the highest return that could be gained in Lloyd's was in the non-marine market, which requires the property of the pearly increases. According to the Association of Lloyd's Hembers and Chatset, a company supported by Lloyd's underwriting members suitch have both produced league tables, most aviation insurance produced supported will have made

will have made

The figures produced by Chatset suggest that an average performing aviation syndicate will have produced a return for individual underwriting mem-bers of £1,456 for every £10,000 In the previous underwriting account, the eviation market had account, the availing market had turned its performance around from a som loss to a 77 Am profit. The indications are that this improvement continued in the 1982 underwriting account as premium rates rose. Underwriters said last year that 1982

syndicates

profits.

ever from an insurer's soint of

they accepted.
The association's tables show that among the most profitable syndicates at Lloyd's are the so-called baby syndicates." Under these arrangements, lines of profitable insurance business were passed to small syndicates formed of market professionals.
Lloyd's has been attempting to cush the practice of beby

every £10,000 of business which

The association discovered one insurance where a syndi-cate in the marine market, comed of just three members. was paying out a return of £11,016 for every £10,000 of Inevitably, results of the last

non-marine market; which specializes in general insurance business, there, underwriting members who formed syndicate 521, which specialized in livestock business, received £7,291 for every £50,000 of this livestock business, received £7,291 for every £50,000 of this livestock business, accepted on their beings.

Overall, however, the non-marine accepted did not not the second did not not not the second did not underwriting account were sub-stantially hit by problems sur-sounding the Richard Beckett Underwriting Agencies com-pany of Minet Holdings. Losses Underwriting Agenetes com-gany of Minet Holdings. Lesses of £130m from liability business fell on 1,525 underwriting mem-bers. According to Chatset, the largest loss in the market fell on the Beckett syndicate 918, which is suffering losses of the lose for every \$10,000 of the parine account did not pro-luce good regults for members. An average setum on each filosop of husipess accepted aro-duced a loss of \$601.

The marine magnet, which inon the Beckett syndicate 918, which is suffering losses of 252,348 for every £10,000 of The manue maner, watch in successions and is traditionally one of the most profitable markets in Lleyd's, had another good pay. The heat return was produced by syndicate 723, formed as 125 underwriting members. According to the Association of Lleyd's Members; they received \$44.776 for Association of Lloyd's Hem-bers: Syndicate results: Avail-able from 11 Buckingham Street, London WC2 60F.

Lloyd's League Tables: Available from Chatset Lid., Bridge House, 151, Overn Victoria Street, London EC4V 4DD.

401

Financial diary for the week

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interin The sub-divisions shown below are based mainly on last vear's timetable

BOARD MEETINGS-Intertrust District (1970) Forglaps)
DIVIDEND & INTEREST PAYMENTSAmdeht Corps 0.55 Cb
TDOAY
OMPANY MEETINGSINTEREST, GrossensHAM. ince 12 soc 2008 8,25pc So Bank Fits Rate Notes veices 4-bpcPf 1.575p and larm and Export Finance Moder 1992 2553.05 REDAY AUGUST 29 V. MEETHORI-ing Post, Tample Way, Scrippi, (A.) and Co. Green Lane, Padoste, Ington. 3.00 25-35 City Read, EC. ards (Leicest) Ausel Hotel. Bury & Edingueds, DIVIDEND & INTEREST PAYMENTS erwin Fits Rate Notes amusi Finance BV Fits Rave True-\$51151 (Rap of) Fits Rate Motes 2005

Trust 0.7219

DIVIDEND & INTEREST PAYMENTS— Alexander Services 0.28 dx. Northern Telegraph DKr 54 (47) 8.46. DKr 90 (8r) DKr 19.8

A ST Levels of Levelson, and L Of Line of Phases Paints & SATURDAY, AUGUST ST DIVIDEND A JUNEAU PAPARNIE ...

Shaw Carnets, Post Houseld, 12.00 BOASD MESSINGSTO

74pc 1985-90 3.625pc 1 (J.) 7pcDb 1986-91 3.5pc. 1987-92 3.575pc In Industry 84pc 1892-97

Trading ZudSpcPf 5 cts. SrdSpcPf cts. SrdSpcPf cts. SecPf 5 cts. SecPf 2.1p c

Granville & Co. Limited

and Investment Managers Telephone 61-621 1212 Over-the-Counter Market

Group Yield Group Yield 50 720 85 7



CREDIT COMMERCIAL DE FRANCE U.S.\$250,000,000 Floating Rate Notes due 1997

> For the interest period 22nd March 1985 to 27th September 1985 the amount payable per US\$10,000 Note will be US\$445.96. The relevant Interest payment date will be 27th September 1985

Listed on the Luxembourg Stock Exchange By: Bankers Trust Company, London Agent Bank

US \$300,000,000 The Kingdom of Belgium

Floating Rate Notes Due May 2005 In accordance with the provisions of the Notes, notice is hereby given that the flate of Interest has been fixed at 81/16% for the Interest Determination Period 27th August, 1985 to 27th September, 1985, Interest accrued for this Determination Period and payable on 25th November, 1985 will amount to 11.5.61, 735-68 per U.S. \$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York



U.S. \$100,000,000 **Neste Oy**

Floating Rate Notes Due 1994

in accordance with the provisions of the Notes, notice is hereby given that for the interest Period from 27th August, 1985 to 27th February, 1986 the Rate of Interest will be 8%6% per annum. The interest payable on the relevant Interest Payment Date 27th February, 1986 will be U.S.\$424-86 for each U.S.\$10,000 principal amount of the Notes.

Agent Bank: Morgan Guaranty Trust Company of New York London

Closy High Low 220.4 222.6 200.4 220.4 223.4 220.2 230.0 22.4 230.0 226.2 226.0 255.2 224.8 225.6 224.4 220.8 221.2 220.2 Provi \$7.25 \$6,97 \$8,15 \$8,00 \$6,06 SOYABEARS 5.00 bu min, compared Close High Low 277.4 282.4 277.2 280.2 286.0 280.0 286.6 300.4 286.8 280.5 284.0 280.4 280.0 277.4 280.0 273.2 276.4 273.2 SPOT PRICES—Chicago topes (ard 17.50 (same) cants per pound, New York th 584.00.586.00 (565.00-588.00) cents per pound. Handy & Hernan silver builton 530.00 (520.00) cents per

girl-mole, perhaps (9)

8 Pitch corrector entertains Sir Alan Marre, 44 The Vale, and Friends 7.15 Botton 88, and Presented 1.30 Friends Source 1.45 Reflections. 11.45 Reflections. 11.50 Golf Company.

1.430 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 Faith. Scoreport. 5.00 Wild Heritage. 5.30 Hert. 11.45 That's Hollywood. 12.15 am Chaffis (S). 3.00-4.00 Gloria Hunniford Presents Two's Best (S).

1.430 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 pm A Question of Faith. Ferming Outlook. 7.30 Presenter 1.50 pm A Question of Faith. Ferming Outlook. 7.30 pm A Question of Faith. Ferming Outlook.

INTERNATIONAL APPOINTMENTS

Mrs Prager will be new head at Movenpick

BY JOHN WICKS IN ZURICH MR UELI PRAGER founder

Swips

MR UELI PRAGER, founder and chairman of the international restaurant and hotel group Movenpick, is to be succeeded at the head of the Zurich-based company by his wife, Mrs Jutta Prager.

Mr Prager, who is 69 and plans a gradual reduction of his activities, has announced the activities, has announced the company of the company of the company by his will be her husband's successor until successor will be her husband's successor until successor will be her husband's successor data processing on September 1.

BAXTER TRAVENOL, the U.S.

medical products group which recently won the battle for control of American Hospital

Supply Corporation (AHS), its larger rival, has named Mr Karl D. Bays chairman of both the board and the executive com-

mittee of the company created by the merger. Mr Bays is chief executive of AHS. Mr William B. Graham, chair-

man of Baxter Travenol, is to become senior chairman of the

board and chairman of the finance committee of the

merged company.
Mr Vernon R. Loucks, presi-

dent and chief executive officer of Baxter Travenol, is to be-come president and chief execu-tive of the combined company.

Vice-chairmen

The appointments were des-

and will choose one of the vicechairmen as his successor. Mr Wardeberg was executive ice-president, Mr Whitwam

vice-president, Mr Whitwam was merchandising manager, range products. The new positions are effective from September 1.

chosen at

Whirlpool

as vice-chairmen.

solvent the merger, which is to be completed on October 28, subject to Justice Department agreement, Mr Frank A. Ehmann, president and chief operating officer of AHS, is to be named an executive vice-president of the merged com-

Mr Wifbut H. Gantz, executive vice-president of Baxter

Travenol, is to become an executive vice-president of the new company. Mr Gantz and Mr Ehmann will share the post of chief operating officer.

Baxter Travenol acquired AHS after a successful \$51 per share bid which valued the group at \$3.8bn (2.7bn). The bid came after AHS had agreed

Bays to head new company

corporate marketing on the

plans a gradual reduction of his activities, has announced the formation of an executive committee within the group management as a first step in this direction. This committee will consist of Mr Prager as chairman, Mr Wolfgang vom Hagen which Mr Prager holds a controlling stake, boosted turnover independent consultant.

S. MacNaughton who is to re-main chairman of the board's executive committee. Mr Frist remains chief executive.

Mr R. Clayton McWhorter becomes president and chief operating officer, having been senior vice-president of domes-

Mr David G. Williamson is



Changes at Philip Morris

PHILIP MORRIS U.S.A., the tobacco unit of Philip Morris, the U.S. tobacco and drinks group, has announced the apointment of Mr Douglas H. Nelson (above) as director, Mr Robert L Mikulay has been appointed director, sales planning. He will report to Mr After the merger, which is to merge with Hospital Corpora-be completed on October 28, tion of America, the U.S. object to Justice Department hospital management group.

Meanwhile, Hospital Corpora-tion of America has named Mr Thomas F. Frist Jr as chair-man. He succeeds Mr Donald The appointments are part of hillp Morris's policy of rotating personnel, " the

Computervision strengthens

management By Our Financial Staff COMPUTERVISION, the Mass

chusetts-based computer-aided design systems group, has named Mr Robert L. Gable to the new posts of chief operating officer and vice-chairman. named vice-chairman, a newly created post. The company described the appointments as

omeer and vice-chairman.
Mr Gable, a member of the
Computervision board since
1974, was vice-president and
group executive of Kidde, a ing in consumer, safety and in-dustrial markets.

The company described Mr. Gable as a "very experienced, senior professional manager" and said he would be responsible for "day-to-day opera-Mr Gable's special strengths would "help us meet the com-plex and demanding challenges

with the communications and space divisions of Fairchild and Mr Poulson, whose successor made 14 per cent of its workit is these areas which have the greatest potential for growth, he would not join any company said.

On the company."

Computervision recently made 14 per cent of its working the company said.

The company."

Computervision recently made 14 per cent of its working the would not join any company on the force redundant and reported a net loss for the first quarter of the company said.

Chief executive chosen for Fairchild Industries

FAIRCHILD INDUSTRIES, the WHIRLPOOL Corporation, the U.S. household products group, has named Mr George Wards-berg and Mr David Whitwam

Mr Fthenakis, who will remain scribed by the company as the first step in a plan for a transition in leadership. Mr Jack Sparks, chairman, plans to retire on December 1 1987

U.S. aerospace company, has in a joint development project elected Mr Emanuel Fthenakis with Saab-Scania of Sweden, to the post of chief executive recently announced losses of officer with effect from October \$93.4m for the first six months

president of the company, succeeds Mr Edward G. Uhl. Mr SEARS, ROEBUCK of the U.S., Uhl will continue to hold the position of chairman. The company described the appointment as a "normal progression of succession." Mr coldwell Banker Real Estate, implement the strategic plans: the real estate broker Sears of the company."

of doing business in our industry and worldwide markets," Mr James R. Berrett, president of Computervision,

HILL SAMUEL FINANCE B.Y. US\$30,000,000 Floating Rate Notes due 1996

In accordance with the provisions of the Notes, NOTICE IS HEREBY GIVEN that for the Interest Period from 27th August 1985 to 27th February 1986 the Notes will carry a Rate of Interest of 875% per annum and that the interest payable on and that the interest payable on the relevant Interest Payment Date, 27th February 1986, against Coupon No. 4 will be US\$431.25. Agent Bank:

Morgan Guaranty Trust Company of New York

1 Nuts? You'll need these (8)

9 They do not believe in going to fresh fields (8)

10 A turbulent river reach (6) 12 Course types confuse love with lust (5)

13 Here's quality, but in unusual attire (9)

14 Packed against the unexpected? (2,4)
16 No inned sanctuary (43)

23 Irregularities in a semolina

DOWN

2 Great resourcefulness (9)

5 It cuts the pack (3-3)

Banco di Roma US\$ 150,000,000 Floating Rate Depositary

Notice is hereby given that the Rate of interest relating to the above issue has been fixed at 8.0375 per cent for period 27th August, 1985 to 27th September, 1985. Interest payable on 27th September, 1995 will amount to U\$\$69.21 per U\$\$10,000 Deposit and U\$\$1,730.30 per U\$\$250,000

Agent Bank: Morgan Guaranty Trust Company of New York

F.T. CROSSWORD PUZZLE No. 5,805

3 Credit we Greeks (5)

7 Impressive stamp edged with gold — the last word in France (5)

8 Weather men caught in a flurry of sleet (8)

15 Students should draw on his

29 Prepare to put out with the rising tide (4)

11 Scratch starter (4)

18 Honest deal? (8)

19 Fresh letters of support (7)
21 Private lines to the Queen?
(9)

23 Irregularities in a sententiary recipe (9)
25 Determined to fight (3-2)
26 The advancement of vegetation (6)
27 Matches here to stay (8)
28 They hold an alternative supposition (6)
29 Main source of strength for a nation (3,5)
29 Prepare to put out with the rising tide (4)
21 Note given to the ill will get get a rest (7)
22 He hopes to find you well (6)
23 Sea air adds a little weight to one (5)
25 Bed to put off retirement (3,2)
26 The advancement of vegetation (3,2)
27 He hopes to find you well (6)
28 Sea air adds a little weight to one (5)
29 Prepare to put out with the rising tide (4)

1 Doesn't sound it but it's hot prize puzzle will be published with names of winners next

APPOINTMENTS Mobil Oil finance chief

appointed finance director of MOBIL OIL COMPANY, UK refining and marketing affiliate of Mobil Oil Corporation. He has elected to retire on Septem has elected to leave the september 1. Mr Howard joined Mobil in 1955, rising to his previous position of assistant controller Mobil Europe Inc. in 1978.

Mr Phil Nutburn has taken over as director of field opera-tions for FACTRON-SCHLUMtions for FACTRON-SCHLUM-BERGER, responsible for Europe and the Comecon-countries, plus-Middle Eastern and African market sectors. He joins from LTX, where he has been both a director of its U.S. industrial business division, and its Euro-pean sales organisation.

Sir Douglas Morpeth has been appointed a non-executive director of AGB RESEARCH. He is chairman of Clerical Medical & General Life Assurance Society and of British-Borneo Petroleum Syndicate, deputy chairman of Brixton Estate and a director of Brixton Estate and a director of a number of other companies. He is also chairman of the trustees of the British Telecom Staff Superannuation Scheme. He has been a partner in Touche Ross & Co. since 1958, was senior partner from 1976 to 1985 and has a continuing association with the firm.

The BRITISH MUSEUM has Sandilands. Sir John is Professor of Italian History at University College London, was chairman of trustees of the National Gallery, 1874-80, and he as also trustee of the Victoria and Albert Museum.

Ms Karina Plough, food products research manager, bas been promoted a director of CAMBRIDGE MARKET RESEARCH Mr Geoff Lambert has joined as general manager and 4 Eeels are wriggling free (7) 6 Girl meets boy—to be continued (7,2)

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 27 August, 1985 to 27 September, 1985, the Notes will carry an interest rate of 8% per annum. The interest payment date, 27 September, 1985 will be US\$68.89 per US\$10,000 nominal amount and will be paid only through Cedel SA and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System, in accordance with the terms of the Temporary cordance with the provi

27 August, 1985. The Chase Manhattan Bank, N.A. London, Agent Bank. from the ADS Research Unit, which he set up six years ago for Quaker Oats.

Mr J. L. Davies has been appointed acting chairman of RCA/ARIOLA, the newly-formed UK company created by the merger of RCA and Bertelsmann. Mr Davies assumes the new management role in addition to his primary post as vice-president Europe for RCA/Ariola

The BRITISH BOARD OF AGREMENT has appointed Mr. Alan G. Thomas to its board of management as sales and market-ing manager. He joins from Wavin Building Products where

BARCOCK-BRISTOL has prorands sales director. Mr Ken Todd becomes engineering director. Mr Bill North joins the board as contracts director following senior overseas assign-ments for companies in the

Mr Gary Chalmers has become sales director at THE PHOTO SOURCE.

Mr Marcel Willems, currently technical director of UNI-LEVER's international specialities division in the Netherlands, is to succeed Mr Don Parker as technical director of Van den Berghs & Jurgens, based at the company's headquarters in Burgess Hill. Mr Parker is to retire at the end of October.

appointed financial director of NEWING HALL, Leeds. He was a partner of Deloitte Haskins and Sells, the company's auditors. Brian Ellis has

INTERACT COMMUNICA-TIONS has appointed Mr Robin Harris as a main board director

HARRISON HORNCASTLE
INSURANCE BROKERS as a

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS Cresham Unit Treet Ma auers Ltd. (a) Easity & Law Up. Tr. M. (a) (c)

Mr Marcel Willems, currently

Nigh Income Firsts Faire Inc.

appointed director of marketing for APCEL. He was marketing

Mr E. J. Agronson has been prointed chairman of the appointed chairman of the REJECT SHOP. He is also chairman of W. & F. C. Bouham

with primary responsibility for handling Shell International Chemicals. He was a director of Owen Wade Delmonte.

LADBROKE INDEX 986-990 (+8) Based on FT Index Tel: 01-427 4411

Key Fund Managers Ltd. (2)(g) 35. Fourthis St. Mancheser M2 2AF. LAS Clait Trest Managers Ltd. 93 George St, Edieburgh, ENZ SJL

+0.1 276 +0.1 276 +0.1 659 +0.1 659 -0.1 158 -0.1 158

tration Ltd.

Robert Fleming & Co Ltd 8, Crusty Square, ECIA 6ANL Visa Summer (2005) 273.89 207.85 Visa Summer (2005) 274.85 7,0.72 Visa Pinos (2005) 274.85 7,0.75 Visa Pinos (2005) 274.85 Visa (200 **129** +0.2 3.09

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8 Pitch corrector entertains Sir Alan Marre, 44 The Vale. The Baron, 6.30 Naws, 6.40 Appeal, 1.30 Farming Outlook, 2.30 Film: girl—mole, perhaps (9) London NW11. 6.45 Mary C'Hara and Friends, 7.15 Botany Bay." starring James Mason

20

Financial Times Tuesday August 27

8 Pitch corrector entertains Sir Alan Marre, 44 The Vale. The Baren. 6.30 News. 6.40 Appeal. 1.30 Farming Outlook. 2.30 Film: Scotsport. 5.00 Wild Heritage. 5.30 Hert. 17.45 Ther's Hollywood. 12.15 am Challis (S). 3.00-4.00 Gloria Hunniford (12.00-12.15 am News; Wastern James Mason Chips. 11.45 Reflections. 11.50 Galf Company.

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Financial Times Tuesday August 27 1985

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CURRENCIES, MONEY and CAPITAL MARKETS

E	UROP		N OF			EXC	HAN:	GE	FO	REI	GN
	ries	Vol.	Lest	Vol	Peb	YoL	May ! Last	atock			-
GOTD C.	\$340 \$360	16 40	7.50	10	23 16	4	29	\$357.20	LON	IDON	
GOLD . P	\$320	. 7	4,50	} -	}· —	ì -	, -) :		MONTH	
SILVER C	\$650;	4	Sept.	J -	° -	Ma (5	reh ; 50	s632	51m p	Close	High
SILVER C BLVER P	\$700 \$600	-	. 8	8	17	-	=	2	Sept	92.00	92.04
BILVER P LVFL C	\$650; F1.310	.17	30 3,90	1 1.	9.70	_	İ = :	F1.310.32	Dec March	91.68 · 91.27	\$1.74 \$1.33
NFL C	FL815	118	2.20 0.90	73	۱	1	8.30 A))	June Sept	90.88 90.52	-90.88
NFL C	FJ.825	53	0.60	5	5,40 4	=		,r	Estimal	red volun	
IFL C	F1.340	4	0.05	.80	1.50] =	=	# .	• I ———	MONTH :	
MFLP MFLP	F1.305 F1.310	5	4,70	48	11.80	1	14			0 bosure	
ELP.	FL520	36	112	, J	116.50	25	22,50	**	Sept	Closs 88.74	High 88.75
ift p i/ft p	F1,350 F1,356	_	! =	9 3	. 25 : 29	=] =]	17	Dec	89.55	99,69
VFL P VFL P	F1,340 FL350	. 60	50,50 40,70	; =	: = ;	1.	46.50	-	March June	29.91 29.85	89.95 89.82
I/FL P	F1.565)	÷		25	59	-	i - :	-	Sept	08,88 aylov be	
ABN C			ot.		រោ.		PT.	· .	Previou	s day's	open lut
NEW P	F1.500	.10	16.50 A 2.50	37	6.10	_	i	F60 5,60		R 12% N	
EGN C EGN P.	Fl.100	159 96	3.70	25 23	6 5.20	10 5	LAAN	FI,99,90	130,000	32nds o	High
H C H P	F1,250 F1,230	5	3,50 1,90	14	7.60	=	J I	FI.959	Sapt Dec	112-14	112-17
KZO C	FI,180	290 .	1.70 1.70 B	149 168	4,80 A 3,60	46 18	rako i	FL 135.96	March	13-11	.112-29
MRO C	F1.90	47	1.30	34	8.90	=		F1, 67	Estimat Pravious	ed volum	e 1,355
MRQ P IST C	FL85 FL220	28	5.50 B	12 44	18.50	3	16.50 A	F1.216.50	Basis q	uote (ch y 2004-0	en cash
ist P Ein C	FL210	90 50	3.40	2	5.50	Ξ	1 = 1	F7.151	I of near	· futures	COURT. C
EW P	FI.150 FI.65	58 127	1,40	1 94	4,20 2,80	18	: — i	FL ďi	(32nds)	VG £25,00	N E
OOG C	F1.60	88	1,40	30 118	2.70 9.50	- 5 - 5	ı – 1	FI. 61.70		Close	High
LM C	F1.55 F1.60	469	8.A 8.90A	817	5.70	60	7,20 8	71, 61.7U	Sept Dec	1.4010 1.3895	1.4035
LMC .	F1.65 F1. 60	399 248	1.50 1.20	292 152	2.10	25 30	4.80	W_	March	1.3825 id volum	
EDL C	FL 180 FL 170	28 33	2,50	7	11 B	3	6	FL178	Previous	day's	pen int
IATH G IATH P	F1.75	132	1,50	10 2	2,70	18 10	3.20	FL77.70		HE MAR ,000 \$ pa	
EO C	Fr.5,909 Fr.5,500	89	190	= 1		=	-	Fr.6,030	l) ——	Close	High
ETR P HIL C	Fr.6,000 F45	27	2.80	3 230	180 4.10	49	5.50	n.48.60	Sept		0.3647 0.3682
HIL P	F50 F1.45	399 ·	0.60	390 76	1.70 2	123 115	3,20 2,40	11,46,60	Estimate	ed volum s day's o	e 47 (14
ED C	FI.190	196 493	5.50	149 107	9.70 A	· —	} — — H	F1.190.50	SWISS	FRANCS	
19 C .	F1.210	82 149	0.90 A 5.50	185	7.30	36	8.50	P	SwFr 12	5,000 \$; Close	er SwFr
OBE C	FI,190 FI,77,60	- 6	2.70A	- 5	3.60	8		1,75,20	Sept	0.4436	0.4430
inil C Inil P	F1.360) F1.840	10	1.40 13.70	19 45	17	10	19,20	F1,328.50	Dec Eştimati	0.4478 Id volum	• 36 (59
OTAL VOL	JUME IN CO	-		•			_		• •	SE YEN	
	A=As	K	8=Bkd	C=	Calj	P=Pu	T			Close	Hìgh
									Sept Dec	0.4235 0.4255	0.4233
									March	0.4277	_

U.S. \$50,000,000
irelli Financial Services Company N.V.
(Incorporated with limited liability in the Netherlands Antilles)
Guaranteed Floating Rate Notes due 1994
Unconditionally Guaranteed by

Pirelli Société Générale S.A.

87/16% and that the interest payable on the relevant Interest Payment Date February 27, 1986 against Coupon No. 4 in respect of \$5,000 nominal of the Notes will be U.S.\$215.63. August 27, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

The table below gives the latest available rate of exchange for the pound against various currencles on August 23, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencles to which they are tied.

99,00 10,1945 (A;6,94 11,7875 827,00 41,2810 3,79 1,1203(15)

1.1203(12)
1.9610
97.065
230.00
1.4020
0.5270
227.00
297.00
28.10
(cm) 78.501
(fm) 79.20
2.81
569.38
1.4030
16.45

(a)105,187.5 2.7365 9.559.0 1.4030

3,1360 1,4145 689,38 11,4514 168,35

589,58 1,8955 227,00 125,20 1,1710 589,38 589,38 249,80 4,0639 (7)210,13 589,38 589,38

(U) 71.60 1,3060 0,8145 (com) 9,50 n/c 16,54 16,10

16.10 14.01 240.0 3.79 (0) 1.4080 4.17 (0) 94.0118 (7) 188.54 1.1675(16) (0) 3.5050 (F) 5.6890 589.28 2,9000 1.0

1,0 14,01 1,5790 8,2430

11,7875 589,38 11,7875 905.0 589,58 5,00 3,8625 3,8625 79,9425 1.0 183,52

CURRENCY

Australian \$

Dinar Spa Peseta Taka Barbados S

B \$ C.F.A. Franc Bda \$ Nguitrum

Bolivian Peso

Pula Cruzeirots U.S. 3

Brunel \$ Lev C.F.A. Franc

C.F.A. Franc Canadian 8

. G.F.A. Franc
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. Spanish Peseti
. Cape V. Escud
. Cay. 16 8
0 G.F.A. Franc
. C.F.A. Franc
. C.F.A. Franc
. C.F.A. Franc
. Collean Peso
. Renminbi Yua
. Col. Peso
. G.F.A. Franc

. Golon . Cuban Peso . Cyprus £

.... Danish Kroner Dijibouti Franc E. Garibbean \$

...... Egyptian £

El Salvedor Colon

Kyst Burundi Franc

B. Franc

Portuga'se Est Sa. Dollar

COUNTRY

Andorta.

Bolivia ..

Costa Riga ... Cuba Cyprus

Denmark.

Brazii Brit. Virgin isles.

COUNTRY

Hungary.

celand.... ndja

March 1.3825 Estimated volume 91		1.3895	Sept	Latest .	92.31	1.pw 92.26	Prev 92.33
Previous day's open	Int 3,314 (3,278)	Dec March	91.91	91.97	91.91	92.01 91.58
DEUTSCHE MARKS DM 125,000 \$ per DR			June	Ξ	· - .		91.17
·	atr Low	Prev	Dec Sept		.=.	_ =	. =
Sept 0.3640 0.36	47 0.3627 #2 0.3677	0.3657	THREE-I	MONTH E	URODOL	LAR (I	MINA)
Dec 0.3674 0.36 Estimated volume 47		0.3591	Sim po	into of 10			
Previous day's open	int 257 (25	9) _	Sept	121.92 91.92	- High 91.98	Low 91.92	Prev 91,99
SWISS FRANCE			Dec	91.58	91.8\$	\$1,57	97.67
SwFr 125,000 S per S Close His	oh Low	Prov	March June	91.15 90.75	91.24	91.15 90.74	9t.25
Sept 0.4436 0.44		0.4465	Sept	90,36	90.43	90.35	90,47
Dec 0.4478	<u> </u>	0,4507	Dec	90.02	90,07 8 9,77	90.01 29.68	90.12 89.80
Estimated volume 36 Previous day's open		ត .	March June	89,40	89.48	89.35	89.50
JAPANESE YEN Y12				IG (SMM)	Se per	£	
· Close Hi	gh Low	Prov		Latest	High	Low	. Prev
Sept 0.4235 0.42	33 0.4229	0.4245	Sept			1,3920	1.4015
Dec 0.4255 March 0.4277	= =	0.4288	Dec March	1.3835	7.3910 1.3805	1,3815 1,3760	1.3915
Estimated Volume 43			June.	1.3750	7. –	1.3750	1,3800
Previous day's open	Int 176 (17	0)	Sept	_		_	1.2505
WEEKLY CI	HANGE	IN W	ORLD	INTE	REST	RAT	ES
		-: ,,,	- -				
						-	_
1	1	1	i.		! .	g. 23	
LONDON	Aug. 23	curage	NEW YO	ORK · · ·			
Base rates	1114 .	Unch'd			· j 91		−ja ruch ,q .
? day interbank Smth interbank	1114	+ 44	Federal 3 Mth. 7	reasury i) 76 Nim 7,3	7 :-	-0,11
Smth interbank Treasury Bill Tender Band 1 Bills	11,0011	+0.1325	6 Mth. 7	reasury incestry is	Bills 7.5	56 i-	-0.16 -0.11
Band 2 Bills	114 114 114	JUnch'd	•		"	· [~
Band 5 Bills Band 4 Bills	114	Unch 'd			5.5	. j	Inch'd
3 Mth. Treasury Bills	11	1+18		u 1. Interbe:	nk ! 4.6	75 7-	0.125
I Mith. Bank Bills	11品	5. +1	Three n	ionth	4.6	75 .	-0,125
1		+±	PARES		1	1	
TOKYO One month Bills	6.3437B	Unch'd	Interven	ition Rate 1. Inteebu	. 95g ank 98	} }	moh'd
Three month Bills		Unab 'd		ia inceesse Ionth	MK 511		18
BRUSSELS	i	.	MILAN		_ ["	· · · · · · · · · · · · · · · · · · ·	
One month Three month	91a 91 ₂		One mo		144	i:	14
AMSTERDAM) - .		DUBLIN	- · ·	والم		
One month	55 58	- s	One mo:	nth .	. 104		uch,q
Three month	. 2 ∰	- 4	Three in	onth	1012	. 16	inch'd
London-bend 1 bill band 3 bills 34 to 63	dave and	band 4	bille 64 9	n 91 davs	L Raine	anated	SHIPPER-
sent Bank of England centres rates are go	naking o	r political	FRIEN, W	th the be	ney ma	tet. It	other
centres retes áre go their respective chan	nontry du	posit rate	is in the	docinti	C 01025	eserk	rt and
THE ISSUED OF CHEM	han caused	·		of re			
` 				2.75			 -
•				•			

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cn) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (no) no commercial rate; (nom) pominal; (e) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

CURRENCY

Gatari Ryal

Rwaлda Franc

... E. Caribbean S ... St. Helena £ ... East Carribean : ... Loca! Franc ... E. Caribbean S ... U.S. S

Saudi Ryai
C.F.A. Franc
S. Rupee
Loone
Singapore \$
Solomen is. \$
Somaii Shilin
Rand
Peseta

Paseta S. L. Rupee Sudan £ (u) S. Guilder Litangani S. Kronz Swiss Franc

.... New Talwan \$
..... Tan, Shilling
..... Baht
..... B.F.A. Franc
..... C.F.A. Franc

Palanga Trinidad & Tob \$ Tunislan Dinar Turklah Lira U.S. \$

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VALUE OF

exe(A)19,512,5 24,75

2,6000

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5,0920

11,7875 ((Cm) 5, 96 ((N/C) 17.42

3.79 1.0 3.79 11.7875 3.79 1.4030 2.588.5 51.36

5.1275 589.38 9.59 (O) 7.45 3.1360 2.1335 51.33 3.5125 227.00

227.00 57.90 3.51 2.50 6.5125 11.5450 3.1650 ((A) (T) 9.0 ((GM) 6.50

56.74 23.40 36.95 589.38 1.9910 3.38 1.06(sq) 752.79 1.4030 1.9910

812.0

1,4030 146,07 6,1500 1,1276

149,13 2,588,5 (4) 6,03 (5) 10,52 (6) 20,0129

(O) 155.57 1.40*5*0

(A) 3,0790

(A) 9,44 0,4810 388,1138

70,7702 3,08 2,3860

COUNTRY

. 143

Reunion island..... French Franc

Saudi Arabia

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EXCHANGES

91.76 Previous day's of 91.76 Previous day's of 91.36 90.82 CHICAGO

— 90.62 (4.289) : 19,916 (19,703)

Close High Low Prev 137.25 131.85 130.50 130.80 131.80 131.88 131.45 131.70

: High 93.06 92.76 92.26 :91.99

Locked in a narrow range

range of DM 2.74 to DM 2.79 last week, and finished little changed overall. An attempt to push the dollar above DM 2.79. push the dollar above DM 2.73, after a larger than anticipated rise of 2 per cent in revised second quarter Gross National Product, met with rong selling, but moves to depress the U.S. currency below DM 2.74 proved equally unsuccessful. The U.S. GNP figure was expected to be revised down to about 1.0-1.3 per cent growth, compared with the earlier estimate of 1.7 per cent. The 2 per cent rise, although much higher than forecast, falled to convince dealers that all is well with the economy however. Figures released so far in the present quarter have not suggested that the growth target of the Administration will be met last week was durable goods orders for July. This is notoriously volatile, and a fall spected after the sharp 3.6 gested that the growth target of the Administration will be met cent from 71 per cent in the next few months that weighs on the dollar, but not yet to the extent that the currency has moved into a new lower range. The Federal Open Market Committee met last week, but no change appears to have yet taken place in U.S. monetary policy, or was expected, while MI money supply remains well above the official target range.

Another figure of some concern to the foreign exchange market last week was durable goods orders for July. This is notoriously volatile, and a fall was expected after the sharp 3.6 moved into a new lower range. The market Committee met last week, but no change spears to have yet taken place in U.S. monetary policy, or was expected, while MI money seems more likely to be down towards DM 2.70 than back up to DM 2.80.

FORWARD RATES A Dollar was expected after the sharp 3.6 moved into a new trading range last week, but unless sentiment changes the next move seems more likely to be down towards DM 2.70 than back up to DM 2.80.

FORWARD RATES A Dollar Solve and the July trade figures are published the same day. The market lacked the committee met last week but no change appears to have yet taken not a new trading range last week up to DM 2.80.

FORWARD RATES A Dollar Solve anothe

POUND SPOT-FORWARD AGAINST POUND

August 2	Day's 3 apresd	Close	One month	% p.s.	Three months	7. P.S.
บ.ร.	1.3970-1.4065	1.4025-1.4038	0.50-0.47c pm		1.23-1,18pm	
Canada	1.8935-1.8993	1,8935-1,8975	0.51-Q.42c pm		1,20-1,05pm	
Nethind.	4.337_4.3672	4.33\-4.34\	21,-21 _s c pm		6 ⁷ -5 ⁷ -pm	5.58
Belgium	77,85-79.50	78.25-78.35	19-12c pm	2.38	35-21pm	1.43
Denmark	13,967-14.04	14.00%-14.01%	44-35ors pm		95-81-0m	2.59
ireland	1.2407-1.2438	1,2407-1.2417	0.25-0.10p pm	7.69	0.43-0.27pm	. 1.22
W. Ger.		3.85%-3.86%	Z1-21-pf pm		67 _a -61 _a pm	6.93
Portugal	228 - 232 2	225-2312	20-380c dis		424-1485dis	-16.60
Spain .	2264-2284	2264-2274	30-130c dia		185-385dis	-4.85
Italy .	2,5784-2,600	2,587-2,589-	3 line dis-2 dis		7-14dis	-1.62
Norway	11.413-11.48	11,44-11,45-2	per-tore dis		Z1=31:dig	-1.00
	11.763 -11.823				*pm-1*dis	-0.28
Sweden	11.50-11.56%	11.54-11.55	Fe-Shore dia	-3-21	9½-10½dis	3.38 5.05
Japan Austria	330 ¹ 2-332 27-03-27-18	331-332 27.03-27.10	13-13-y pm		4 _4 pm	6.10
Switz.	3.154-3.17		16 ¹ 2-14 ² 2 gro pm		43 ⁷ 2-39 pre	
		3.16-3.17	21 ₂₋₁₇ ,gro pm	(-06	5-5-pm	6.79
6:	igian rate is t	OL COUASIDIS	france. Financi	al itanc	M. 15-79.25,	
	sundiril source	ra gollar 1.26-	1.90c pm, 12-m).E 1000	N-2850 PM.	1
OTHE	R CURRE	NCIES				
Aug	. 23	£			Note R	ates

•	I	,	1	
Aug. 23	٠ .			
<u> </u>	<u> </u>		L	Note Rates
Argentina Austi.	1.1192-1,1214	0.8000-0.8010	Austria	27.00-27.30
Australia Dollar		! 1.4185-1.4805	:Beigium	78,85.79,65
Brazil Cruzeiro		6.820-6.840	Denmark	13,97-14,11
Finland Markka	8.2295 8.2565	5.8700-5.8720	France	11.75-11.88
Greek Drachma	181.55-185.48	Í 129.76-132 49	Germany	3.844e-3.884e
Hongkong Dollar	10,9500 10,5600	7.8005.7.8025	Italy	2580-2626
(ran file)	123,57-	1 · 89 10 -	Janan	330-554
KuwaitDinar(KD)	0 4247 0,4251	,0,30250-0,39266	Netherlands	4.33-4.37
LuxembourgFr	76.25.78,35	: 55.75-55.85	Norway	11.42-11.53
Maleyzia Ringgit		, 2.4615-2.4635	Portugal	223-238
NewZealand Dir.	8.0900 X.6040	1.8500 1.8555	Spain	220.230
Saudi Arab Riyal	5.1250 5.1296	8.6509-3.6510	Sweden	11.50-11.61
Singapore Dollar		2.2315-2.2335	Switzerland	5.15-3.19
Sth African Rand		2,4815-2,5000	United States	1.39.41
U.A.E. Dirham	5,1555-5,1605	3,6720-3,6750	Yugoslavia	375-456
	•	Selfing rate.	·	
EMS EURC	Pean Cu	RRENCY	UNIT RATE	S
		Name 24 at		

	Ecu central rates	Currency amounts against Ecu August 23	% change from central rate	% change adjusted for divergence	Divergence
Jelgian Franc	44.8320	45.0849	+0.56	+0.96	±1,5425
anish Krone	8.12857	8.07492	-0.66	-0.27	±1,6421
erman D-mark	2.23840	2.22438	-0.63	-0.24	±1.1455
rench Franc	6.86402	6.79987	-0.93	-0.56	±1,3654
outch Guilder	2.52208	2.50288	-0.76	-0.37	±1.5162
rish · Punt	0.724578	0.715013	-1.32	-0.93	±1.6673
talian Lira	1520.60	1493.82	-1.76	-1.76	±4.0656
: Change	s are for E	cu, therefore	positive che	inga denotas	4

Reserve decides to cut its discount rate to stimulate the economy.

It is the suspicion that the idea that the manufacturing discount rate will be suspicion.

FINANCIAL FUTURES

July leading indicators will give another indication of U.S. economic performance this Friday, and the July trade figures are published the same day. The market lacked the conviction to push the dollar into a new trading range last week.

STERLING INDEX

FORWARD RATES AGAINST STERLING

Spet 1-month 3-month 6-month 12
1.4030 1.3862 1.3910 1.3836 1.3

3.8625 3.8378 2.7865 3.7405 3.6

Franc 11.7875 11.7873 11.7873 11.8468 11.

Franc 3.1650 3.1437 3.1118 3.0714 2.8

Franc 9 Yen 331.50 329.90 327.28 323.95 317

PANK OF	ENG!	ND TI	REASURY BI	LL TE	IDER
BANK OF		Aug. 16		Aug 25	
Bills on offer	6476.18m		Average yield	11.00112	10,0299 10,0666 11,173
accepted bid Aliotment at minimum level		£97,275 12%	Amount on offer at next tender		£100m

Starling	Morgan Guaranty Change 2 -8.4 +23.0 -7.8 +4.7 -10.5	Aug. 23 Sterling U.S.B Canadian 5. Austria Sch. Beiglan Fr Danish Kr	9.20 10	Drawing Rights 0.740499 1.03761	0.80728 1.0927 15.628 45.004
80.2 U.3. dollar	-8.4 +25.0 -7.9 +4.7	Canadian 5. Austria Sch. Belgian Fr	9.20 10	1.03761 20,1148 57,9928	0.80728 1.0927 15.628 45.004
Beriss franc 150.5	-4.7 +9.1 +12.9 +4.9 -13.4 -20.0 +13.5	D mark	4 5 9 15 2 5 8	2,86290 8,21981 8,74308 1922,96 245,338 8,49074 188,849	2,5945 2,5058 6,7996 1493,8 190,71 6,5058 131,88

EXCHANGE CROSS RATES

AUG. 25	Pound String	U.S. Dollar	Dautschemik.	J'panese Yan	FrenchFranc	Swiss Franc	Dutch Gulid	, italian Lira	Canada Dollar	Belgian Fra
Pound Sterling	0.713	1.405	3,863	551.5	11,79	3,165	4.345	2589.	1.896	78.50
U.S. Dollar		1.	2,751	256.4	8,400	2,253	5.098	1846	1.351	55,80
Deutschemark	0.259	0.863	1,	85,83	3,052	0.819	1.124	670.2	0.491	20,27
Lapanese Yen 1,000	5.017	4,882	11.65	1000,	35,56	9.548	13.10	7808.	5.718	236,2
French Franc 10	0.848	1.190	3,277	281.2	10.	2.685	3,684	2196.	1,608	56.48
Swiss Franc	0.516	0.443	1,220	104,7	3.724	1,	1,372	817.9	0,599	24.74
Dutch Guilder Italian Lira 1,000	0.280	0,328 0,542	0,889 1,492	76,54 126,1	2,714 - 4,554	0.729 1.223	1. 1.678	596,1 1000,	0,436 0,732	15,03
Canadian Dollar	0.528	0.740	\$.038	174.9	6,219	1.670	2 <u>.291</u>	1366.	2,421	41.31
Beiglan Franc 100	1.277	1.792	4,933	423.4	15,06	4.042	5.646	3306.		100.
SUBO CURRE										100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	Franci Franc	ftalien Lira	Belgia Conv.	Franc Fin.	Yen	Danis Krone
Short-term 7-days' notice Month Three months Six months One year	18 18 4 18 18 4 11 16-11 16 11 16-11 16 11 16-11 14 10 16-11 16	756-754 754-778 712-715 713-715 814-814 814-859	95g-85g 86g-95g 87g-95g 97g-95g 97g-95g	518-518 518-518 518-518 518-518 518-518 518-518	11s-11g 10ig-105g 4/5-4/5 45g 43g 41g-4/g 41g-4/g	436.436 436.436 436.436 436.436 466.434	912-94 912-934 1014-1012 1178-118 1178-12	8-13 61 ₆ -93 ₆ 111 ₄ -121 ₂ 125 ₆ -135 ₆ 131 ₄ -135 ₄ 131 ₄ -145 ₈	812-958 853-958 950-1018 978-1014 10-1018 10-1018	854.9 854.9 918.956 919.954 958.978 954.10	64-64 64-64 64-64 64-64 64-64	85g-87g 844-84g 85g-87g 81g-9 86g-91g 97g-94g
Asian S (closin	g rates in Si	ngapore): S	hort-serm 7	4-7% per ca	nt; seven di	y s 74-74	per cent; one	month 7 ¹¹ _M -7	May Der cent	three moore	a 715P2	

months 8"3-8"s per cent: one year 8"3-5"s per cent. Long-tarm Eurodollars: two years 9-9-5 per cent three wonths 7"3-8"s per cent three months 7"3-8"s per cent three years 10-10% per cent tour years 10-10% per cent flow years 10-10% per

MONEY MARKETS

Hard times for discount houses

Conditions were particularly confusing on the London money market last week. The strength of the pound suggested to dealers that the time might not be too far off when the UK authorities would sanction a cut in clearing bank base rates. But the rate structure in the interbank market gradually tightened, to the point where a rise in base rates was almost justified.

Although prevailing sentiment Although prevailing sentiment suggested the discount houses would benefit in the long run from holding on to their bills, in

running the bills became pro- ibitive. Paper with a yield of ust over 11 per cent was being serviced at a day-to-day borrow- ng cost of more than 12 per cent.
The problem as far as the nouses were concerned was exag- gerated by average day-to-day redit shortages in excess of fibn. tepurchase agreements, by which
he Bank of England buys the fills but enables the houses to naintain the benefit of high fielding paper, by returning the fills to the seller at a late date,
vould have been welcomed by he market. This would have eased the

FT LONDON

bid 7 15/16

INTERBANK FIXING

(11.00 a.m. Aug. 23)

3 months U.S. dollars

6 months U.S. dollars

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for \$10m quoted by the market ro five reference benks at 11 s.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsiche Bank, Banque Nationale de Paris and Morgan Guéranty Trust,

offer 8 1/16

problem and kept we term rates at a more rate at a more rates	ery sort- easonable Iso have	the Bani no enth agreeme	k of Engusiasm i	land still s for a repu	howed irchase	British h	nterest	TRICE	o griss At th
encouraged a further of the whole interest rate: This was not something of England wished to e since it may have be	structure. the Bank ncourage,	past has hint of	looked v	n steady a 3.85, but rulnerable London in st of U.K.	eround in the to any	days mate could mate	spared of band irity) or ture bed	to se l 2 bil n Frida fore th	li larg ls (15-3: ly, These
preted as a signal for cut in bank base rates. Friday's shortage of was the largest of the v MONEY RATES	an early £1,350m	weeks, as hoping t	ngures ; nd the ai that the	tre due in thorities in dollar will in the	n two nay be ll con-	supply and ing no easelling the option the 12 per center of the control of the center	rner cu le bills an box	tin ba	se rates
							٠.		
Aug. 23	Frankfurt	Paris	Zuric	Amet'de	um Tok	ro i Mila	n Be	tenala I	D. D.
Mernight Die Months Wo Months Three Months Ix Months Ombard	4,9-5,1 4,50-4,65 4,50-4,65 4,50-4,65	95g 91g-93 ₄ 95g-97g 95g-97g 97g-10	Zurici 14-1- 44-45 41-44	55g-6	6.218 6.343	76 144 ₆₋₁ 76 141 ₈₋₁	434 9 44 9,	-24	Dublin 114-114 105g-107g 102g-1084 102g-105g 104-102g
vernight ne Month wo Months hree Months live Months by Months ombard tervention	4.9-5,1 4.50 4.65 4.50-4.65 4.50-4.65 4.55-4.70 5.5	98g 91g-93g 95g-97g 93g-97g	14-15 48-45 419-44	554-5	6.343 6.343 6.343	175 143 ₆ -1 176 141 ₈ -1 175 143 ₆ -	43, 8 41, 9, 143, 9, 95,	978 1-978	1114-1114 1056-1076 1014-1014 1016-1016 1014-1016
Aug. 25 Divernight Ine Months Ine Months Three Months Six Months Ombard Intervention Aug. 25 LONDON MONEY Sterling Certificate Is of depoalt	4.95.1 4.50 4.65 4.50-4.65 4.50-4.65 4.55-4.70 5.5 RATES	98g 91g-93g 93g-97g 95g-97g 97g-10 98g	14-15 48-45 419-44	554.5 54.5 54.5 54.5	6.343 6.343 6.343	175 143 ₆ -1 176 141 ₈ -1 175 143 ₆ -	43, 8 41, 9, 143, 9, 95,	3.36 + 9.4 + 9.4 1-9.7 BMI	1114-1114 1059-1079 1014-1014 1016-1059 1014-1019 Rates

Two months Three months Six months Nine months Or.e ear	1136-1114 1016-1054 1034-1054	1116-114	115; 115; 114; 11 107;		iii = =	114	
·	Local Auth. Régotiable bonds	Local Authority Deposits	Finance House Deposits	# Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits	Prima
One month Two months Three months Six months Nine months One year Two years Three years Four years Four years	12-1154 117g-115g 111g-1114 115g-111g 111g-107g	- - - - - - - - - - - - - - - - - - -	1145 1145 1146 1146 1146 1146 1146 1146	7.7-7.8 7.7-7.8 7.75-7.85 7.9-8.0 8.1-8.2 8.5-8.4	74 74 714 715 714 715 716 816 884	818-918 818-818 818-818 818-918	Broke Fed f Fed f Treat One i Two i

to August (seven days shed by the London and six Rates for ills: Averses (Series 6) it: one-three tha 11k per a August 9 s withdrawn

1116 1116 1078	114 114 104-104 114	114-114 11-114 10-114	194 124 114 114 114
NEW YOR Prime rate Broker toan Fed funds	TOTAL MANAGEMENT	·····	r, 1. 81
Fed funds at Treasury Bi One month . Two month .	intervent lis	Lian (

Three months	0133
Three month	7.29
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Own warm	7.61
One year	7,95
Treasury Bonds	
· izman \ motios	
Two year	
Three was	8.83
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rive year	
Seven bere	9.73
metafte best eremeetertliterefertere	10.00
10 year	
Seven year 10 year 30 year	10.22
30 year	10.49

t Rate is the transfer market (controlled). It Now one official rate. (1) Essential goods. (2) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Preferential rate. (7) Perallel rate. (8) Rate for remittances of money abroad and foreign travel. (7) Perallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral =1,000 old pesos.

† Correction (Aug. 19): Seigium (CM) was 78.35.

WORLD VALUE OF THE POUND

CURRENCY

Danish Kron
E. Caribbear
Local Franc
U.S. S
Quetzal
Syll
Peso
Guyanese \$

Gourde Lempira H.K. S

Forint

i, Krona Ind. Rupee Rupish Risi

. iraqi Dinar . irish £ . Shekel

Lira C.F.A. Franc

Jamaica Dollar Yen

- Riel - Kenya Shijjing - Australian \$ - Won - Won - Kuwaiti Dinar

New Kip
Lebanese £
Majuri
Liberian \$
Libyan Dinar
Swiss Franc
Lux Franc

Pataca Portugese MG Franc Kwacha Ringgit

Ruffyaa C.F.A. Franc Maltese Lira Lacal Franc

Local Franc Franch Franc I urgrik E. Caribbean \$ Dirham Metigal

. S.A. Rand

- Austalian Dollar

. Nopelese Rupee

. Guilder

a Antillian Guilder

. N.Z. Dollar

Corriebe

Cordoba C.F.A. Franc

VALUE OF & STERLING

14.01 3,79 11.7875 1.4030 1.4030 83,47 106.62 6.7785

7,01 2,81 10,9575

68,8922

57,5445 16,45 1,568,00 123,57(2.g.) 0,4360 1,2412 2,067,0 2,568,5 589,38 g

8,06 (s.g) 331,50 0,5420

N/A 23,73 1,9910 1,32 1,235,00 0,4249

49,09 25,49 3,5125 1,4030 0,4155 3,1650 78,50

9,89 589,38 0,6290 11,7875

3.5125

3.5125 1.9910 25,67 4.3425 2.6000 (0)59.20 589.28 1.254228(ag) 11.45 0.4835 21.875 1.4030 1.3760 (356.00 (10) 4796.32 (7) 455.74 (13)

girl-mole, perhaps (9) London NW11.

tage of the second second second

8 Pitch corrector entertains Sir Alan Marre, 44 The Vale, The Baron, 6.30 News, 6.40 Appeal, 1.30 Farming Outlook, 2.30 Film: cirl—mole, perhaps (9)

London NW11.

Scotsport. 5.00 Wild Heritage. 5.30 Hart. 11.45 That's Hollywood. 12.15 am Challis (S). 3.00-4.00 Glor Chips. 11.45 Reflections. 11.50 Golf Company.

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WORLD STOCK MARKETS

WORLD STOCK MARKETS							
AUSTRIA	GERMANY	NORWAY	AUSTRALIA (continued)	JAPAN (continued)			
Aug. 26 Price '+ or Schy	Aug. 26 Price + or Dm.	Aug. 25 Kroner — Bergens Sank — 144 —	Aug. 26 Price + or	Aug. 26 Price + or Yen - 396 +2	CANADA		
Creditanstair. 366 - 9 Gocssor	AEG-Toler 131.2 + 0.1 Allianz Vers 1,575 +8 BASP 221.1 + 1.3 Bayer 220.8 +2.5 Bayer-Hyno 357 +4.5 Bayer-Verein 387 +0.5	Borregaard	Gen. Prop. Trust. 2.27 —0.01 hardle i/amesi — 3.22 ————————————————————————————————	Nignon Denso	Sales Stock High Low Class Dang Sales Stock High Low Class Clang Sales Stock High Low Class Class Class Class Class Class Class Class Class Class Class Class Class Class Class Class Class		
BELGIUM/LUXEMBOURG	BHW 445 + 9 Brown Bovert 239.8 + 12 Commerch 239.8 + 1.2 Comt'l Gummi 157.6 + 1.3 Dajmier-Benz 929 + 28 Degussa 366 + 1	Norsk Data 365 Norsk Hydro 109.5 -1.5 Storebrand 275 -1	Lend Lease 5.85 2.57 + 0.00 2.57 + 0.00 Mayne Nickless 3.15 -0.00 Mayer Emporism 5.63 + 0.00 Nat. Aust. Bank 4.52 -0.1 News 6.75 -0.1 Nicholos Riw 1.9 -0.0	Nippon Express. 511 +7 Nippon Gakki 1,180 -30 Nippon Kokah 153 -1	######################################		
8.8.L	D'ache Baboook. 156.5 -2 Deutsche Bank. 562 + 6 Dresdner Bank. 269 +1.9 GHH	Aug. 26 Price + or Pta% Bco Blibso 354 -1 Bco Central 315	North Skn Hill 2.65 +0.11 Oakbridge	Nippon Steel 1772	81 Argeen \$224 224 225 - 4 700 Dickess 8 575 75 75 230 MICC 420 415 420 +5 40 Teck Cor A 5156 156 156 156 - 1		
Delhaize	Hoechst	Boo Nispano	Queensland Coal 1.55	Nisshin Steel	1002 1003 1004 1005		
Pan Hidgs 10.050	KHD 274 +1,5 KHO 66,4 -0,6 Linde 880x	10arduero	Tooth	Ricoh	2800 CAE 516 157 18 1500 Genet Comp 511 10% 171 + 18 1400 Content A 5321, 312 318 18 18 1500 Genet Comp 511 10% 171 + 18 1400 Content A 5321, 312 312 313 318 18 150 Genet Comp 511 10% 171 + 18 1400 Content A 5321, 32 32 - 19 2418 Unicorp A 1 53 818 18 18 18 18 18 18 18 18 18 18 18 18		
Patrofina	Mannesmann 163.5 ~ 0.5 Mannesmann 190 Mercades Hid. 854 +21 Metalipeseli 265 ~ 2 Muenoh Riveck 1 700 1 1 1 1 1 1 1 1 1	Aug. 36 Price + or	HONG KONG	Sharp	0010 Cari Irliari 345 45 45 45 46 Hawkher 520 20 20 321 Pine Poent 5241, 231, 231, 454 4500 Wardsur 524 231, 24 251, 25 251, 24 251, 25 251, 24 251, 25 251, 24 251, 25 251, 24 251, 25 251, 24 251, 25 251, 2		
Stanwick Inst	Preussag 272 Rhein West Elect 188.8 + 1.8	ASEA (Free) 290 +5 Astra (Free) 595 Atlas Copco 115 +1 Cardo (Free) 252 Cellulosa 127 +1	Aug. 28 Price 4 or H.K.8 Bank East Asia 22.8 Cheung Kong 18.7	Stanley	125 Celanase 581 91 91 1724 Wooded A 519 181 181 181 181 181 181 181 181 181 1		
DENMARK Aug. 26 Price + or Knr \$	Siemens	Electrolut B	China Light 15.9 -0.1 Evergo 0.88 + 0.6 Hang Seng Bank 45.75 - 1 Henderson Land 2.10 HK China Gas 10.4 -0.1	Taleho Pharm 1,280 - 40 Taleda	Indices NEW YORK DOWNORES Aug. Aug. Aug. Aug. Aug. Aug. 19 85 Low		
Andelsbankan 5324 Battic Stand 67050 CopHandelsbank 3079 D. Sukkerfab 5005 Danske Bank 3592	ITALY	Sandyik	HK Kowlosn Wh. 7.18	Tokio Marine, 884 +4 TBS	Aug. Aug. Aug. Aug. Aug. Aug. Aug. Aug.		
De Danske Luft 1,315 + 30 East Asiatic	Aug. 26 Price + or Ura	Sven Handlesbn 171	Intril. City 0.96 +0.0 Jardine Math 12.8 -0.1 New World Dev 7.85 Orient O'seas 2.0 SHK Props 15.5	Topkyu Corp 512 +7 Topkyn Print 800	Home Sinds 79,91 79,69 79,64 679,64 671,00 7026 553,03 702,5 1 72,27 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
S.S. 510 -10 Jyske Bank 745 Novo Ind s 1,805 + 15 Privathanken 519 -8 Provinsbanken 392 -7	8.i-invest 5,810 + 28i Centrale 5,880 + 60 Credito Varesino 4,490 Fiat 4,045 - 20 Finsider 57,000 + 200	Aug. 26 Price + or	Shell Elect	Toyo Selkan 1,320 + 50 Toyota Motor 1,150 :10 Victor 1,250500	Utilities 159.21 159.11 159.42 158.70 157.83 158.91 146.54 168.91 10.5 TradingVol 000-1 75,518, 90,600 94,880 91,830 67,930		
Provinsbanken 392 -7 Smidth (F.) B. 362 -11 Sophus Berand 980 - 10 Superios 370 +17	Italcementi	Adia Inti- 825 10 Alank Leu 3,850 +10 Brown Boveri 1,745 +5	JAPAN Aug. 26 Price + or	Yamaha 669 Yamanouchi 2,970 -230 Yamazaki 860 Yasuda Fire 552 Yokogawa Bdga 700	+Day's High 1392.92 (1334.55) low 1310.48 (1313.51) CAG General (31/19/22) 218.8 278.4 277.4 277.2 283.7 (31/15) 188.9 (31/1) 188.9 (31/15) 188.9 (3		
PRANCE Aug. 26 Price +	Perelli Spa 2,994 _ 9 Salpem 6,050 _ 40 Shia BPD 3,310 + 10	do. (Pari Certs). 2,560	Yen	SINGAPORE Aug. 23 Price + or	STANDARD AND POORS Commerzbank (1/12/55) 1428,6 1418,5 1486,2 (6/7) 1111,8 (8/1) HONG KONG HONG KONG		
Emprunt 443 1973 1,606 +6 Emprunt 72 1975 8,415 -25 Accor	Toro Assic 17,800 +50 do Pref 15,900 + 199	Hoff-Roche PtCts 96,000 + 250 Hoff-Roche 1/10. 9,875 - 75 Jacoba 1/10. 9,875 - 75 Jacoba 1/10. 9,875 - 75 Jejmoji - 2,800 - 50 Landis & Gyr - 1,980 - 10	Bridgestone 541 +1	Boustead Hidgs., 1.54 -0.02 Cold Storage, 2.58 DBS	Aug. Aug. Aug. Aug. Aug. Tal. Aug. Aug. Aug. Aug. Aug. Aug. Aug. Aug		
BIC	Aug. 26 Price + or Fis -	Mestle 7.125 50	Casio Comp	Genting	Comp's.te. 187.17 187.36 189.16 188.08 186.38 196.65 183.68 195.65 4.40 JAPAN** (197) (441) (197/85) (18/85) (18/85) (18/85)		
Cir-Akastel	AEGON 99.9 -0.1 Abold 289 - 0.5 AKZO 125.6 -0.1 ABN 279.7 +0.7	Schindler (Pt Cts) 910	Ebara 460 -20 Elsal 1,410 -20 Fance 7,260 -30 Fuli Bank 1,610 +10	Malay Banking 5.45	S.75 S.74 S.67 4.01 ANP-CBS General (1970) 217.4 217.5 218.2 217.5 221.2 (£/7) 185.6 (5.1)		
	AMRO	Swiss Volksbk 1,790	Full Film	Public Bank	N.Y.S.E. ALL COMMON. Rises and Fairs SINGAPORE Strafts Times (1986) (a) 751.21 755,74 756,87 852,85 (7)5, 717.98 (15/7)		
Gen.Occidentale 718 + 5 Imptal	Dordtsche Pet m 174.5 + 0.7 Elsevier NDU 130.5	AUSTRALIA Aug. 26 Price + or	Green Gross	SOUTH AFRICA	Aug. Aug. Aug. Aug. Aug. Aug. Aug. Aug.		
L'Oreal 2,375 -10 Legrand 2,179 -2 Maisons Phenbix 161 -8.5 Matra S.A. 1,715 +16 Michalin B. 1,119 +5	Hoogovens 61	Ampel Pet 82	Hoya 1,780 -90 Itch (C) 438 -4 Itc. Yokado 8,770 -10 Iwatsu 800 JACOS 340 -3	Rand	New Lows 14 16 11 Madrid SE (78/12/84) 110.96 110.91 111.25 111.25 111.25 111.26 117.41 (4/2) 101.48 (2/1) TORONTO Aug. Aug. Aug. Aug. Low Jacobson & P (11/5h) 1841.61 1819.9 1818.77 1817.45 1486.96 (11/2) 1295.82 (9:7)		
Mid! (Cie)	Ned Mid Bank 209.2 +1,8 Ned lloyd	Aust. Cons. Ind, 2.82 +0.82 Aust. Guarantee 2.8	Jusco 856 4 Kajima 456 +5 Kao Soap 850 -1 Kashiyama 716 +1	Allied Tech 62.5	Metals & Minerals use 2055.7 \$882.7 \$2088.8 \$2190.07 (15/2) 1859.3 (9/7) \$ SWISSBARKOPH (51/12/68) 472.1 472.8 472.4 479.7 472.8 (25/8) \$86.7 (5/3) \$ SWISSBARKOPH (51/12/68) 472.1 472.8 472.4 479.7 472.8 (25/8) \$86.7 (5/3) \$ MONTREAL PORTROLO 35 8 185,75 1784,25 (15/3) 159.35 (15/7) 117.00 (4/1) \$ Capital Intl. (1/1/70) 218.0 219.5 228.8 224.5 (17/7) 184.5 (4/1)		
Perret	Pakhoed 65.6 -0.9 Philips , 46.6 +0,4 Robeco 75.2 Rodamgo 133.1 +0.1 Rollingo 68.5	Bell Group	Kokuyo	Buffels 74.75 +1.25 CNA Gallo 9.20 Currie Finance 4.00 +0.05 De Beers 11.95 +0.5 Driefontein 50 +1	NEW YORK ACTIVE STOCKS Change Change Friday Stocks Closing on traded price day Stocks Closing on traded price day Base value of all indices are 100 except JSE Gold 255.7. JSE industrial		
Redoute 1,550 +50 Reussel-Udisf 1,550 +50 Sefimes 549 SkisRoss/Rhol 1,410 -10	Unijarer 328.5 +0.3 VMF Stork 255.5 -4.8 VNU 515.3 +0.8 Wessens 179.2 +1,2	Bougainville	Kumagai 826 +11 Kyocera 5,600 -50 Maeda Gonst 920 -15 Makino Miling 80 +12 Makita 990 +1 Maribani 990 -5	FS Geduid 48	USF G, Co 2,778,100 .337 ₂ 1 ₆ FPL Group 1,443,700 .247 ₆ + 1 ₆ .264.3, and Australia. All Ordinary and Metals—500. MYSE All Common—50: Sears Roebuck 1,872,000 .357 ₆ + 1 ₆ . Occidence Ret. 1,294,000 .327 ₆ + 1 ₇ . Standard and Poors—70: and Toronto Composite and Metals—1,000, Toronto India. 1,508,100 .40 ₆ + 1 ₇ . Phibro-Sal 1,150,700 .357 ₆ - 1 ₇ 1,578,200 .327 ₆ 1,578,200 1,578,2		
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suspended, as Ex dividend. x	n fix scrip isave. Ar fix rights.	Fidera XL 3.11 + U.9	M bishi Elect 550	Smith (CGI			
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"What's special about these Danish companies?"

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Shadow cast by economy and rates

THE DILEMMA over the outlook for the U.S. economy and for domestic interest rates resurfaced on Wall Street yester-day, casting a shadow over both bond and stock prices, writes Terry Byland in New York.

Turnover remained low, well below that of an average session, but the Dow 1,312 mark again proved a support level

for the stockmarket. At 3pm the Dow Jones industrial aver-

age was down 1.0 at 1,317.32. Publication of the minutes for the July meeting of the Federal Reserve's Open Market Committee (FOMC), indicating some bias towards tightening policy if money supply continues to soar, heightened the debate in the credit market.

Last week's flood of \$2.3bn in corporate borrowing reflected the view of many corporate managers and credit market analysts that interest rates, having fallen by about 20 basis points or so this month, may be about to bottom out. FOMC concern over money supply, to-gether with a pick-up in the economy,

could open the way to higher rates. However, with most economic signposts still pointing to a slower economy, the bond market remains undecided. Federal funds continued to trade below 8 per cent, and there was no sign of intervention yesterday by the Federal Re-serve. Bond prices opened with falls of about % of a point and then steadied in quiet trading.

The stock market again showed sluggish trading in blue chips, but a spurt of features among the takeover of special situation stocks.

SCM, the Park Avenue-based typewriters to chemicals group, gained \$2% to \$68 after its directors had unanimously urged rejection of the \$60 a. share offer from Hanson Trust of the UK. Wall Street, taking its cue from the SCM board's comments, hopes for a rival bid, perhaps in the shape of a leveraged buyout, or higher terms from Han-

Mr T. Boone Pickens returned to the spotlight with his plan to take Mesa Petroleum private, sending the stock ahead \$1½ to \$17 in turnover heavy enough to top the active stocks' list in early trading.

Among TV entertainment stocks. Viacom International jumped \$% to \$50%, on its purchase of a batch of network interests from Warner Communications and Warner Amex Cable.

Takeover excitement in the airline sector died away, with TWA, now firmly under Mr Carl Icahn's control, unchanged at \$22%. Pan Am eased \$1/2 to \$8 in much reduced turnover. Attention turned back to earnings prospects in the industry, with investors favouring United, \$% up at \$56% and Eastern, \$% better

But Northwest Airlines gained \$1% to \$55% after attracting attention as a possible takeover candidate.

The Detroit motor stocks were restrained by Wall Street's doubts over the generous financing plans by the major manufacturers, described by a Chrysler

executive as tantamount to price cuts.
Ford at \$43% edged up \$%, while General Motors at \$66% and Chrysler at \$36% showed similar gains.

The high-technology sector also moved sluggishly, with semiconductor stocks weakish after National Semiconductor, unchanged at \$31%, admitted a loss of \$44m for the first eight weeks of the current quarter.

Among the main-frame manufacturers, IBM edged up \$% to \$127%. Honeywell added \$% to \$62%, and Burroughs \$% to \$64%. At \$100%, Digital Equipment gained \$116. gained \$1%.

AT&T, still smarting from last week's disclosure of plans for substantial labour cuts at its computer and business phones division, eased \$\% to \$21\%,

There was some profit-taking among the pharmaceutical stocks, which have advanced strongly over the past weeks. Merck, the industry leader, and also a constituent of the Dow industrial average, fell \$1% to \$115%. Upjohn, an erratic mover recently as prospects for its anti-baldness medicine are debated on Wall Street, gave up \$2% to \$105%. . .

In the credit markets, Treasury-bill rates edged higher in the face of a busy week of federal financing at the short end of the market. The bond market was sluggish but rallied from its early falls. CANADA

SPURRED by a modest increase in gold, stocks turned mixed at mid-session in Toronto. The composite index added 1.89 points to 2772.33.

Lac Minerals gained C\$1/2 to C\$35% and Mascot put on 4 cents to C\$2.

Among industrial actives, Pagurian was up C\$1/4 to C\$91/4,

In Montreal banks and utilities moved higher while industrials eased.

EUROPE

Foreigners favour oils and cars

FOREIGN buying buoyed European bourses yesterday and interest centred on car and oil issues. However, London's absence from the market kept trading in bonds to a minimum and most prices ended barely changed.

Daimler was the centre of attention in Frankfurt, closing at a record high of DM 929 after a gain of DM 28. BMW rose DM 9 to DM 445 and Porsche jumped DM 35 to DM 1,305.

VW, which expects a 12 per cent rise in car sales for 1985 and has announced that it will build 40,000 cars by the beginning of 1987 under the joint venture scheme in China, recorded a gain of DM 5.40 to DM 322.9.

The Commerzbank index, which is calculated at mid-session, missed the late rise in many sectors but still added 13.8 to 1,428.8.

Benefiting from the interest for domestic issues, retail store stocks rose, led by Karstadt, which added DM 8.90 to DM 268.90. Kaufhof followed, with a DM 6 gain to DM 292, and Horten DM 3.50 to DM 193.50.

Interest-rate-sensitive banks also picked up, with Deutsche Bank, DM 6 higher at DM 562, leading the trend. Dresdner Bank and Commerciank added DM 1.50 and DM 1.30 to finish at DM 202 and DM 269 and DM 205.80 respectively.

In less active electrical issues, Siemens added DM 1 to DM 540, Nixdorf

DM 1.50 to DM 531.50, while AEG, which now has 99 per cent control of loss-making typewriter manufacturer Olympia, rose 10 pig to DM 131.20. A dearth of fresh factors and a pause

for breath after last week's hefty gains left bonds posting rises or losses of about 10 pfgs. Longer-dated maturities, however, advanced by 10 pfgs.

The Bundesbank continued its buying spell, taking up DM 3.6m of paper after purchasing DM 6.9m on Friday. Demand in Amsterdam for blue chips

and banks was the only feature in otherwise lifeless trading. The ANP-CBS General index inched up 0.1 to 217.4 on the back of advances from the big international issues. ABN added FI 2.50 to FI 505.50 ex-

rights, NMB F1 1.20 to F1 209 20 and Am-

ro 80 cents to Fl 87.20. However, mortgage bank FGH shed Fl 4 to Fl 58.40 on lower-than-expected profits for the first

Insurers were mixed ahead of their results, which are due later this week. Amev advanced Fi 1 to FI 280, while Aegon eased 20 cents to FI 99.80 and Nationale declined 30 cents to FI 77.90.

Advances among the internationals were led by KLM, which added Fi 1.10 to FI 61.90. Royal Datch gained Fi 1 to Fi 191.20, Azko 60 cents to Fl 124.30, Unil-ever 80 cents to Fl 329 and Philips 40 cents to Fl 46.60.

Dutch government bond prices were lower where changed, experiencing falls

of 10 to 20 cents. Zurich continued to react favourably to declining interest rates and recent

positive company news. Most prices end-Stock exchanges in London, Hong Kong and Singapore were closed yesterday because of local holidays.

ed steady, buoyed by local and foreign

Banks and insurances were mixed to slightly higher. Helvetia rose SwFr 40 to SwFr 2,490, Swiss Re SwFr 50 to SwFr 13,200, while Swiss Bank, at SwFr 483, and Credit Suisse, at SwFr 3,045, were both unchanged.

Swiss foreign bonds continued slight-

Paris remained narrowly mixed as investors sought to position themselves on advancing issues ahead of the new bourse month

Oils were generally firmer, with Elf Aquitaine FFr 4.80 higher at FFr 204.70. Car issue Peugeot also extended its re-

cent gains, adding FFr 9 to FFr 390. Metal issues continued the rally that was set off last week by bargain hunters and retailing stocks were narrowly

Rises in oil stocks were the only feature in a quiet Brussels, where most issues ended mixed.

Heavyweight Petrofina added BFr 70 to BFr 6,020 and that helped to lift the Brussels cash index up 3.19 to 2,338.06. Petrofina's gains came before the an-

nouncement that its chairman and chief executive, M Adolphe Demeure de Lespaul, had died on Sunday In a mixed Stockholm, Ericsson ended

unchanged at SKr 224 while announcing that it had won a \$28m order from China for 10 digital telephone exchanges. Elsewhere, Electrolux added SKr 2 to

Madrid rose in light trading as investors sought banks and utilities, while Milan eased ahead of month-end deadlines that dampened initiative.

TOKYO

Interest in construction builds up

MOST large-capital issues remained popular and constructions attracted buyers in Tokyo yesterday, while biotechnologies plunged toward the close, writes Shigeo Nishiwaki of Jiji Press.

The decline in biotechnology issues was led by Asahi Chemical, which tumbled on rumours that the anti-cancer drug it is developing has harmful side

The Nikkei-Dow market average lost

38.32 to 12,651.77. Volume continued high at 503.53m shares, up from 455.84m last Friday. Declines led advances 383 to 365, with 160 issues unchanged. Big-capital issues, which have been fa-

voured by institutional investors since early last week, continued to benefit from the world trend toward lower interest rates

Mitsubishi Heavy Industries was prominent, ranking first of the top 10 stocks with 68m shares changing hands, it rose Y9 to Y403 at one stage, but fin-ished only Y2 up at Y396.

Some other shipbuilding issues advanced in sympathy. Kawasaki Heavy Industries gained Y7 to Y227 and Ishikawajima-Harima Heavy Industries Y4 to Y202. Japan Steel Works, a defence stock, also gained Y4 to Y288. Nippon Steel was traded actively, but closed Y2 down at Y177 on late selling.

Constructions stood out among public works-related stocks. Ohbayashi, added Y24 to Y434, Taisei Y9 to Y338 and Kajima Y5 to Y466.

Asahi Chemical climbed Y10 to Y885 before dropping Y35 to Y840 after the ru-mours circulated. Its asked price fell to Y830 and sell orders for more than 600,000 shares remained unfilled.

Other biotechnology issues also slid on small-lot selling. Dainippon Pharma-ceutical closed at Y3.440, down Y130 from the previous close. Yamanouchi Pharmaceutical shed Y230 to Y2,970, Dalichi Seiyaku Y40 to Y2,340 and Green Cross Y40 to Y2,210.

Elsewhere, blue chips, particularly electricals, eased on light selling. Hitachi fell only Y1 to Y674, but Victor Company of Japan plunged Y150 to Y1,260.

The bond market weakened slightly in extremely thin trading. Investors and brokers shunned both the over-the-counter and inter-broker markets, with institutional investors and securities firms becoming reluctant to buy in anticipa-tion of a further decline in U.S. interest

Moreover, they were awaiting the outcome of the negotiations which began yesterday between the Finance Ministry and the underwriting syndicate on the

of 10-year government bonds.

The yield on the benchmark 6.8 percent government bond due in December 1994 rose slightly to 6.190 per cent from last Saturday's 6.185 per cent.

issue terms for the September flotation

AUSTRALIA

THE CORRECTION from sharp gains earlier in the month continued in Sydney yesterday and the All Ordinaries in dex dropped 2.9 to 942.3.

High domestic interest rates, some uncertainty over proposed changes to the Australian taxation system and concern over possible wage increases led to the decline.

Industrial issues were among the hardest hit in dull trading. Market leader BHP lost 10 cents to A\$7.04 while CSR shed 1 cent to A\$3.01.

North Broken Hill added 15 cents in early trading but lost 4 cents to end 11 cents higher at A\$2.66 following a special sale late on Friday of more than 2m shares, reportedly to overseas interests.

In takeover situations, Castlemaine Tooheys traded unchanged at the Bond Corporation bid price of A\$8.25 with more than 1.8m shares changing hands. Castlemaine's chairman has advised sharsholders not to account the highest chairman has advised shareholders not to accept the bid and is waiting for a possible rival offer from another company, which is likely to be based overseas. Bond Corporation added 6 cents to A\$1.70.

SOUTH AFRICA

STRONG demand for selective issues took prices higher in Johannesburg and a firm bullion price led to active buying in gold stocks.

Randfontein added R2 to R200 and

Blyvoors advanced 70 cents to R13.80, Buffels rose R1.25 to R1.25 to R74.75, Anglo American Gold R1 to R188.50 and Driefontein R1 to R50.

Mining financials and platinum also firmed with Gencor adding 50 cents to R27.50, Anglo American Corporation 10 cents to R30.50, and Rustenburg Platinum 75 cents to R18.15.

Other miners were generally steady with diamond share De Beers up slightly at R11.95, a gain of 5 cents on Friday's

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